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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Italians charged over kidnap

The owner of a printing shop in Rome and five other suspected urban guerrillas were charged yesterday with complicity in the kidnapping and murder of Sig. Aldo Moro, Italy's former Prime Minister.

They are the first to be formally charged in connection with the death of Sig. Moro, whose bullet-riddled body was dumped by the Red Brigade's urban guerrillas group in Rome on May 9 after 54 days of captivity.

One of the six people charged is still at large. The others were arrested last month.

Scots footballer to be sent home

Willie Johnston has admitted taking two stimulating drugs before Scotland's World Cup match against Peru last Saturday, Mr. Ernie Walker, Secretary of the Scottish Football Association, said in Argentina. He said Johnston would take no further part in the competition and would be sent home as soon as convenient.

Five nations hold Zaire conference

Five Western powers met in Paris yesterday to discuss aid for Zaire and an effective response to Soviet and Cuban intervention in Africa. Moroccan soldiers have begun arriving in Zaire to replace French foreign legion paratroops, who were sent to Shaba province after the invasion by rebels last month.

Praise for China from Tory chief

Britain and China face a common threat from Soviet military forces, Mr Winston Churchill, Tory defence spokesman, told Chinese army officers near Peking. Ending a three-day visit, Mr. Churchill said he was impressed by China's determination to resist invasion or foreign domination.

Pledge to fight Arab terrorism

General Ariel Sharon, Israel's Agriculture Minister and a leading "hawk," said in London yesterday that Israel would fight everywhere against Arab terrorism, which he described as the spearhead of international terrorism. Palestinian terror attacks have killed more Israelis so far this year than in any comparable period since 1967. Page four

Bengali housing

Mr. Horace Cutler, leader of the Greater London Council, defended the decision to re-house 130 Bengali squatters in a single East London council estate. Immigrant leaders claimed the move would create a ghetto, but Mr Cutler said the Bengalis did not want to be split up.

Equity battle

Moderate members of Equity, the actors' union, have inflicted a further defeat on Left-wingers who have been pressing for wide-ranging changes in the structure of the organisation. Page 11

Briefly . . .

Three competitors were killed and two injured in high-speed crashes at the Isle of Man TT motor cycle races.

Cricket: England (452-8 dec.) beat Pakistan (164 and 231) by an innings and 57 runs on the fourth day of the First Test at Edgbaston.

East African countries are seeking international help to stop an invasion by locusts. Page 37

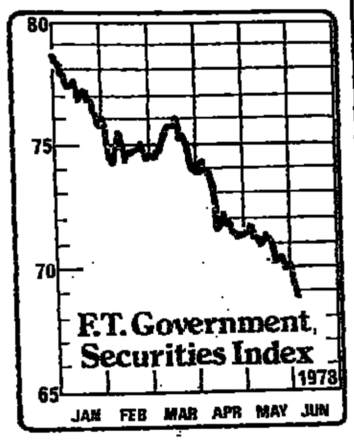
Mildew caused by smog, humidity and sweating tourists is threatening Leonardo da Vinci's fresco, The Last Supper, in Milan.

Pollen count; Weather, Back Page

BUSINESS

Fall in Gilts; Pound weaker

● GILTS were unsettled ahead of the mid-May banking figures, and falls of up to ⅜ were



recorded. The Government Securities index closed 0.57 down at 68.79, its lowest in 1978.

● EQUITIES, which had drifted until the half-year results of Metal Box were announced, recovered to close 1.0 down at 474.5.

● STERLING closed 25 points down at $1.8205, in spite of heavy intervention by the Bank of England. The pound's trade-weighted index was 61.1 (61.2) and the dollar's depreciation narrowed to 5.40 per cent (5.91).

● GOLD closed $2¼ down at $182¼ in London.

● WALL STREET was 14.21 up at 861.75 just before the close.

● LOCAL COUNCILS in England and Wales have [illegible] £500m more on their revenue account than was estimated by the Government when it set the rate support grant level last November. Back Page

● PHASE THREE pay deals have been accepted by about 9.89m workers, adding less than 10 per cent to overall employment costs, the CBI is to tell the Chancellor today. Back Page

● TALKS on shipping policy between the U.S. and 13 other western nations, including the UK, have broken down over legislation before Congress which could result in a U.S. ban on shipping not conforming to U.S. law and which could seriously affect world trade. Back Page

● SHELL and Esso have been given Government approval up to 1985 for their £500m plan to exploit the North Sea Fulmar Field. Back Page

● GENERAL and Municipal Workers' Union, representing 950,000 workers, largely public employees, is to launch a campaign for increased public sector expenditure. Page 11

● INTERNATIONAL Energy Agency report warns that the 19 nations of the Agency will fail to reach their target of limiting oil imports to 26m barrels a day in 1985 unless several—especially the U.S.—save more energy. Back Page

● BRITISH LEYLAND'S share of the UK car market recovered slightly to 21 per cent in May from 17 per cent in April, but remains below the 27 per cent target. Ford held 22.5 per cent and imports accounted for 48 per cent. Page 6

● BARCLAYCARD and Access have disclosed a joint agreement to take action against petrol stations who discriminate against credit sales and which should have been registered with the Office of Fair Trading. Back Page

● ANGLESEY ALUMINIUM, owned by RTZ and Kaiser Aluminium of the U.S., is close to an agreement which would double the capacity of its Holyhead smelter. Page 6

● SOCIETE GENERALE, one of the big three State-owned French banks, is to make a 2-for-25 scrip issue to raise its capital to FFr 933m. Page 35

● METAL BOX second half profits fell from £34.3m to £30.55m, leaving the full year's figure 4 per cent lower at £55.78m. Page 28 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Abercom	102	+ 12
Assd. Book	206	+ 14
Blackman and Conrad	18	+ 3
Brit. and Cmwlth.	295	+ 8
City Hotels	140	+ 7
De La Rue	327	+ 5
Guinness Peat	243	+ 7
Metal Box	308	+ 6
Office and Electronic	110	+ 7
Rush and Tompkins	118	+ 6
Spooner Inds.	72	+ 10
Tove	53	+ 4
Broken Hill South	100	+ 6
North Broken Hill	128	+ 7
Northgate Explrtn.	440	+ 25
Pancontinental	£14	+ ¼
Sabina Inds.	41	+ 5
Western Mining	128	+ 4

FALLS

Excheq. 9¼pc '83 A	£92¼	− ¼
Treas. 9½pc '83	£93⅜	− ⅜
Excheq. 12pc '98 (£65 pd.)	£62¼	− ¼
War Loan 3½pc	£29⅞	− ⅛
Albright and Wilson	157	− 5
Glaxo	578	− 7
Lonrho	60	− 4
Midland Bank	355	− 5
Smart (J.)	45	− 3
Siebens (UK)	338	− 22

Davignon presses for sharp cut in steel output

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, June 5.

The European Commission is pressing for swingeing cuts in production by EEC steel companies. It estimates that fewer than half the companies honoured pledges to limit deliveries in April and May.

Viscount Etienne Davignon, the Industry Commissioner, is expected to warn foreign ministers of the Nine in Luxembourg tomorrow that unless over-production is curbed the industry's crisis will become even more acute in the second half of this year.

Viscount Davignon is understood to be deeply concerned at evidence that the Commission's attempt to impose discipline on the steel market have been flouted by many companies. They have sharply boosted their output since the EEC concluded import restraint arrangements with a number of third country suppliers earlier this year.

The Commission estimates on present trends that production in the EEC could be as high as 36m tonnes this quarter. This would be about 4m tonnes more than the target level laid down in the Commission's quarterly forward programme on the basis of expected demand.

The new forward programme for the third quarter, which is being drawn up by Viscount Davignon, is believed to call for a sharp cut in production to about 28m tonnes. This compares with production of 30.7m tonnes in the same period of last year.

Viscount Davignon believes current rates of output cannot be sustained for the rest of this year without creating severe disruptions.

Demand usually weakens in the third quarter because of the summer holidays. Export outlets are likely to be more cramped after the U.S. raises its trigger prices for imports on July 1.

Viscount Davignon would undoubtedly like to enlist the political support of EEC governments in implementing the new programme, which relies heavily on voluntary co-operation by steel companies. It is doubtful that he will secure the backing of the West German Government, which has been openly critical of the Commission's moves to intervene directly in the steel industry.

The Commission plans to raise the voluntary guidance prices for commonly used steel products by 5 per cent from July 1. The price of hot rolled coils, which are subject to the mandatory minimum price regime, will also rise 5 per cent. There will be smaller adjustments for the other product categories covered by minimum prices, reinforcing bars and merchant bars.

Roy Hodson writes: The member steel companies of Eurofer, the EEC club of steelmakers, are worried about weaknesses in the Davignon Plan. They intend to press Brussels to be more resolute over maintaining minimum price levels and providing protection against low-

Continued on Back Page

Unions adamant on Shelton

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION leaders will report to the British Steel Corporation this week that their members remain determined to stop the closure of Shelton steelworks, Stoke-on-Trent.

Mr. Bill Sirs, chairman of the TUC steel committee, said after meeting representatives of the Shelton workforce yesterday there could be "a tremendous battle" if BSC ended steelmaking at the plant.

The committee had been left in no doubt about the very strong feelings of the workforce, who have been campaigning for seven years to save Shelton.

Shop stewards believe that BSC wants to stop steelmaking at the Stoke plant at the end of this month. This has not been confirmed by the corporation.

ICI fibre prices to rise from July 1

By Rhys David, Textiles Correspondent

ICI FIBRES' prices are to rise by 13-14 per cent for most fibres and yarns from July 1, in the first general increase since the beginning of last year.

The move, which could be followed by other European producers, reflects the company's belief that the man-made fibres market has improved, with demand likely to go up through the rest of this year.

In the first three months of 1978, man-made fibre output was 30 per cent higher than in the very depressed October-December period at the end of last year.

Demand

Although it is thought that this improvement may have been overstated as a result of some under-reporting in the previous three months, ICI also hopes that the rest of this year will see further increases in demand.

The textile industry has been treating such forecasts with scepticism after several false dawns during the past two years, but ICI is thought to believe that recovery is now more firmly based.

ICI will also hope that its lead will be followed by other producers in Europe, where the revival in clothing demand has been less evident.

Profits

The fibre industry throughout Europe has lost more than $2bn (£1.1m) in the past three years, and all major producers need higher prices to return to profitability.

Even with the increase in output, the industry is still depressed. The 150,000 tonne total produced in the UK in the first three months of this year is well below the 180,000 tonnes quarterly average achieved in 1973.

Much of the market has since been lost because of big increases in imports, textiles and clothing imports.

How ICI controls research centre, Page 15

£ in New York

—	June 5	Previous
Spot	$1.8225-8235	$1.8210-8220
1 month	0.45-0.35 dis	0.40-0.34 dis
3 months	1.30-1.25 dis	1.19-1.15 dis
12 months	5.40-5.25 dis	5.25-5.05 dis

Investment rise plans confirmed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY STILL plans a large increase in the volume of its capital spending this year—raising total investment almost back to the levels of 1974.

The latest investment intentions survey from the Department of Industry, published yesterday, projects an increase of probably between 10 and 13 per cent in the volume of manufacturing expenditure between 1977 and 1978, with a further, smaller (unquantified) rise in 1979. Last year, there was a rise of about 8 per cent.

The inquiry — conducted between the end of March and mid-May—confirms the results of the previous survey published at the start of the year. This is in contrast with the pattern of the last two years when the projected increase in investment tended to be revised downwards at successive surveys.

The department's interpretation of the figures for 1978 takes no account of the 3 per cent fall in actual spending between the final three months of last year and the January to March period of 1978. This is officially thought to be a "temporary check in a rising trend." Together with evidence of rising consumer demand and public spending, it confirms expectations of a marked pick-up in economic activity in 1978.

The results of the inquiry are broadly in line with the recent CBI quarterly industrial trends survey. This effectively projected a rise of marginally below 10 per cent in real terms this year after taking into account the iron and steel sector.

A similar picture is shown by more anecdotal reports with no evidence of significant cancellations or postponements of spending plans.

The CBI evidence suggests that intentions are most buoyant among the largest companies and that a large proportion of investment is aimed at modernising rather than expanding physical capacity.

A similar outlook is shown by the survey of distribution and service industries — including shipping. They expect to increase the volume of their expenditure by between 6 and 8 per cent this year and by a further but smaller amount in 1979. This confirms the results of the previous survey.

There has been an increase in recent years in the practice of obtaining capital goods through leasing, which involves a switch in classification from manufacturing to services.

So, the overall position is best shown by taking manufacturing and distribution and services together. On this basis, planned spending this year of £4.19bn, at 1970 prices, would be only £74m less than in 1974 and £250m higher than in 1970.

Investment by manufacturing alone, however, is this year expected to be £170m below the 1970 peak of £2.13bn.

Economists have been puzzled by the relative buoyancy of actual and expected capital investment in face of a sluggish level of economic activity and a large amount of spare capacity.

Part of the explanation may be an uneven distribution of plant and spare capacity while some of the recent rise is simply a reaction to the sharp earlier fall. Consequently, companies recently may have been catching up on needed replacement expenditure.

Economic forecasters are generally projecting a slightly smaller increase in investment this year than the intentions surveys and a marked slowdown in the rate of increase for 1979 in view of the expected slowdown in the overall economic recovery.

There is considerable uncertainty about the prospects for 1979 in view of the possibility of slacker overall demand, a higher inflation rate and a squeeze on profitability.

The recent tentative CBI view was that the volume of private manufacturing investment would continue to grow rapidly until the end of the third quarter of next year—by between 10 and 15 per cent compared with the previous 12 months.

This projection would be lower if the iron and steel sector was included in view of the cuts in investment by British Steel.

In 1977, for example, total manufacturing investment rose in volume by about 8 per cent, but private spending increased by between 13 and 14 per cent.

Editorial comment Page 18

FT markets coverage

The Financial Times is from today bringing together its daily coverage of the international currency, money, and gold markets on to a single page (p 39). The move reflects the increasing interdependence of these markets and will make the relevant reports and statistics easier to find.

The new page will allow a substantially increased statistical coverage of these markets, carrying more data on the dollar, on currency indices and on overseas money rates. The exchange cross rates table has been radically redesigned.

On Saturdays and Mondays there will be shortened versions of this page covering all the data presented on other weekdays.

Big banks against paying current account interest

BY MICHAEL BLANDEN

THE BIG banks are expected to reject the Price Commission's suggestion that they should pay interest on their customers' current account balances.

They are likely instead to adopt the Commission's alternative proposal to allow an offset against charges which will be more closely linked to the movements of market interest rates.

The banks appear to have come down firmly against the payment of interest on current accounts following discussions with the Inland Revenue. Barclays said that the talks had made it clear there would be no satisfactory way of overcoming the administrative difficulties created for both the banks and their customers.

In its report on the banks' money transmission services, published in April, the Commission effectively cleared the way for increases in charges by accepting that the present levels were not excessive. But it added a number of suggestions for improving the system, including interest on current accounts and more flexible opening hours.

The banks have not rushed to take the opportunity to increase their charges. It is thought that Lloyds may have submitted proposals to the Commission which it could put into effect for the half-year beginning next month. But Barclays and Midland are not now expected to make any increases before the beginning of next year.

National Westminster has not so far disclosed its plans.

Deposit rate

The changes are not expected to be dramatic. They are likely to include a modest rise in charges made to personal customers, who do not qualify for free banking, together with a market-related offset allowance and possibly other developments to bring charges more closely into line with costs.

The charge made for debit entries to customers who do not meet the criteria for free banking, generally about 10p a time, could be raised to 12½p or 13p.

Against this, an offset could be made in relation to any balances in the account which will be linked to the deposit rate—perhaps at 1 per cent below. At present, with a 6 per cent deposit rate, this would give a notional offset rate of 5 per cent.

Other possibilities being considered by the banks include making charges quarterly instead of on a half-yearly basis. This would make it easier for customers to meet the requirements for free banking.

Barclays, which now requires a minimum balance of £100 or an average of £200 for free banking, may also abandon the average formula because it is difficult for customers to monitor.

Other possible changes could include lower charges for withdrawals made through cash dispensers, which are cheaper for the banks to process than cheques.

Tenneco bid 'inadequate'

BY JAMES BARTHOLOMEW AND KEVIN DONE

THE BOARD of Albright and Wilson and its adviser, Hill Samuel, said yesterday that the proposed £97m cash offer from Tenneco "is inadequate and falls short, by a substantial margin, of the level at which an offer, if made, could be recommended to stockholders."

This follows earlier criticism of the bid both from the City and trades unions.

Tenneco, an American conglomerate, announced last month that it intended to bid for the 50.2 per cent of Albright's equity which it does not already own.

Most stockbrokers specialising in chemicals consider the price of 165p per share too low. And several of the main trades unions in the industry have said they do not want to see such an important company—Britain's second largest independent chemical company—fall totally into foreign hands.

Mr. Roger Lyons the national chemical officer of the Association of Scientific Technical and Managerial Staffs, has written to the Departments of Industry and Prices, calling on it to block the bid.

The Tenneco side was, therefore, relieved yesterday that the only objection Albright's Board made was on the matter of price.

The two sides are likely to meet this week for an exchange of views. Tenneco still hopes to obtain a recommendation from the Albright Board.

Fears that the bid will be referred to the Monopolies Commission brought Albright's shares down 5p yesterday to 157p.

So far, the Office of Fair Trading has not yet advised Mr. Roy Hattersley, the Prices Secretary, whether the bids merits his attention on grounds that the public interest is endangered.

The Albright Board does not intend to comment on Tenneco's proposed £2¼m bid for the preference stock for the time being.

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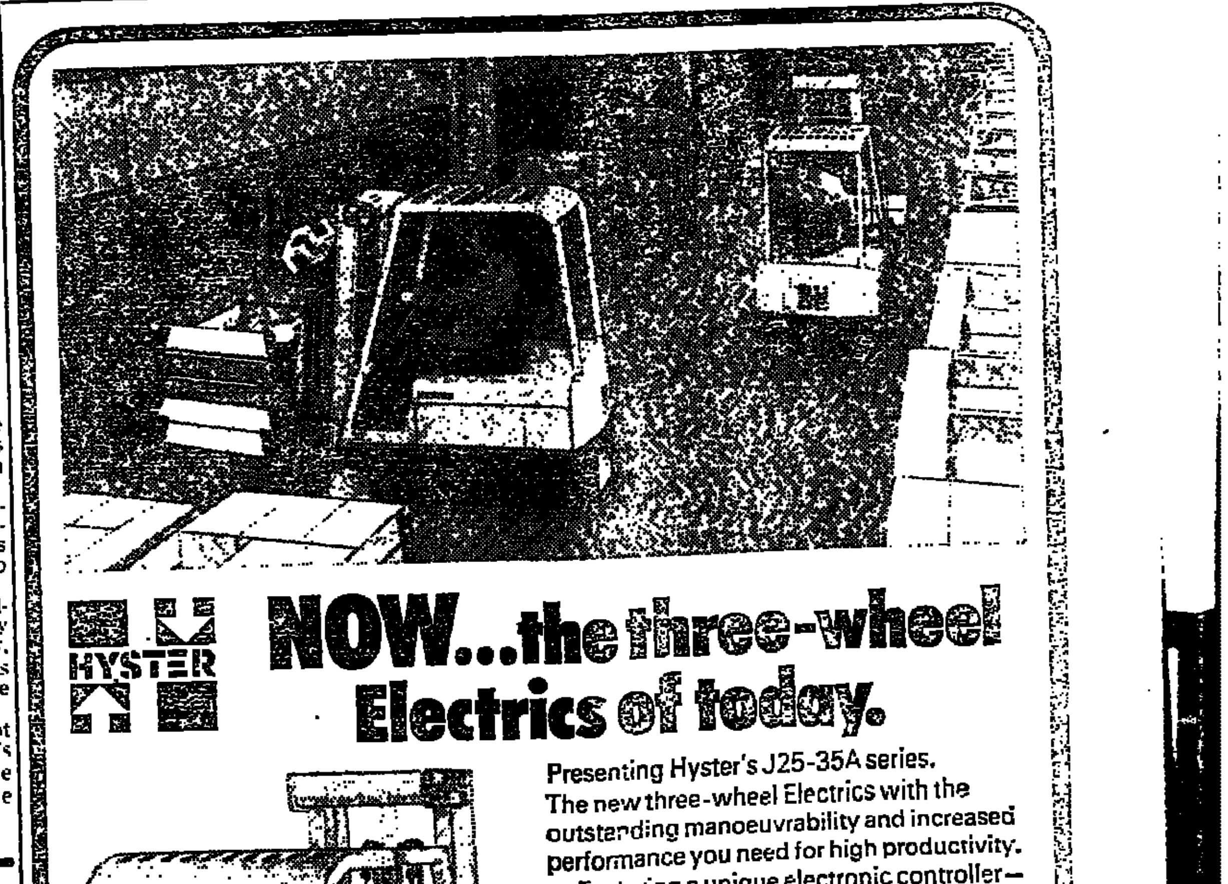
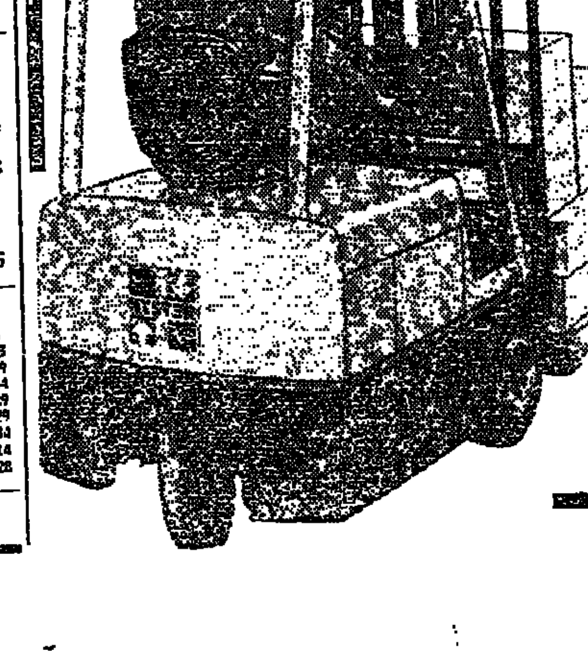
For latest Share Index 'phone 01-246 8026





EUROPEAN NEWS

NEW SCHEME TO REFINANCE OVERDUE DEBTS

Citibank $100m facility for Turkey

BY METIN MUNIR

ANKARA, June 5.

CITIBANK IS to make a $100m facility available to the Turkish Central Bank under what has been called the "constructive remittance scheme," international banking officials told the Financial Times today. This is understood to be a new approach to tackling Turkey's foreign exchange crisis, and it is argued that the scheme could be used for other developing countries suffering similar difficulties.

The money will go towards repaying overdue debts to foreign suppliers which could not be settled because of the country's lack of foreign exchange. Arrears in this category—some dating from as early as February, 1977, when normal import transfers were halted—total about $1.7bn.

A large number of U.S. and European companies are involved in the new facility which has already been oversubscribed by 50 per cent.

The money is understood to carry a spread of 1.5 per cent over the London interbank offered rate (LIBOR) and is for seven years, with a three-year grace period.

The credit will be guaranteed not only by the Turkish Finance Ministry but by the beneficiaries as well. In other words, if at the time of maturity Turkey is unable to pay back the $100m then companies benefiting from it will repay Citibank. Beneficiaries will be asked to make a firm commitment towards this, the officials said.

Exactly how the money will be allocated to individual suppliers has not yet been decided, though Citibank would at least have the right to reject individual names whose credit was not acceptable to it.

The constructive remittance scheme—in effect a euphemism for bad debt re-financing—has obvious advantages for all concerned. To Turkey, it brings a certain degree of relief. Citibank has made a water-tight loan. Foreign suppliers will get their money, replacing bad debts on their balance-sheets with contingent liability. This is, of course, presuming that Turkey overcomes its economic difficulties in the next seven years and improves its foreign exchange position.

Norway's Eksport Finans will also provide a credit of NKr 300m to two Turkish State banks—the State Investment Bank and the Industrial Development Bank of Turkey, bank officials said.

An exchange of letters will take place between Turkey and Norway on this subject during the visit of Mr. Per Kleppe, the Norwegian Finance Minister, who will spend two days in Turkey at the end of the month. The credit facility will be used for purchases from Norway.

Talks are underway between the two States for the consolidation of Turkey's commercial debts to Norway totalling about NKr 100m.

Although the $100m facility is a drop in the ocean compared with the amount owed by Turkish entities to their foreign suppliers, and although the loan negotiations on the facility are far from complete, the deal provides a useful example of how overdue suppliers' credit could be refinanced. So long as they can restrict the usage of such facilities to top quality companies, such a scheme could be very attractive to lending banks in today's climate of low profit margins.

Companies bid for Oslo oil licences

By Our Own Correspondent

STOCKHOLM, June 5.

THE Norwegian Oil Ministry had received 35 applications involving 44 companies, when the deadline for its fourth offshore licensing round was reached on June 1. The companies are competing for concessions in 15 blocks on the Norwegian continental shelf south of the 62nd Parallel.

Among the major international oil companies applying are: BP, Esso, Mobil, Shell, and Texaco. Newcomers to the Norwegian exploratory scene include: Atlantic Richfield, Getty, Hispanoil, Occidental, and the West German Deminex group.

Phillips, which first discovered oil on the Norwegian shelf and is now operating the Ekofisk Field, is heading a group which includes Agip and Petrofina. The Murphy Oil Company is bidding together with Ocean.

The less detailed of the bids was submitted by Volvo Petroleum, the company formed only last month by the Swedish automobile manufacturer. But under the terms of its agreement to sell 40 per cent. of its stock to Norway, Volvo must be among the best placed to win a licence.

The Oil Ministry intends to hold preliminary talks with each group by the end of this month. Detailed negotiations on individual blocks are expected to start in August and the Ministry hopes to announce the first licence in the autumn.

Nordic GNP growth forecast

BY WILLIAM DULLFORCE

STOCKHOLM, June 5.

THE NORDIC economies are expected to achieve a "modest" growth in real GNP this year after their unexpected relapse into zero growth in 1977. The payments deficits should be a little smaller but unemployment will continue to grow and there should be no substantial change in inflation rates.

These predictions are contained in the Nordic Economic Outlook, the semi-annual analysis published jointly by the economic research departments of the Danish, Finnish, Norwegian and Swedish federations of industries.

Their predictions in November, 1976, of a 3.5 per cent growth for the area as a whole in 1977 proved to be wrong when GNP stagnated at the 1976 level. This is explained in the current issue as the result of "several coincidental factors," including a much lower increase in exports and a fall in total demand of over 1.5 per cent in the Nordic area as a whole.

The Nordic countries increased their combined payments deficits by more than $1bn to $10.3bn last year. This corresponded to 5.6 per cent of Nordic GNP. This year the federations' experts anticipate "a certain revival of export growth" coupled with a decrease in imports which should reduce the current account deficits slightly.

The Nordic countries' competitiveness has been improved by recent currency devaluations. Preliminary estimates for 1979 suggest that exports will continue to grow more rapidly than imports and the deficits as a whole should be further reduced. Domestic demand in the four countries is forecast to grow by about 2 per cent in 1979.

The latest report notes that the length of the international recession and the negative effects of prolonged demand-stimulating policies have forced the Nordic countries to change their original counter-cyclical policies, which were designed to maintain employment. Finland reversed its policy in 1975. Denmark took similar steps to curb demand towards the end of 1976 while Sweden followed suit in 1977.

Norway alone showed an increase in total domestic demand last year but had to introduce more restrictive measures at the beginning of 1978. This year only Finland will resort to "a touch of cautious stimulation."

Norway wage increases agreed

BY OUR OWN CORRESPONDENT

STOCKHOLM, June 5.

THE NORWEGIAN Government agreed at the week-end to an average 7.7 per cent increase in salaries for 210,000 State and local authority employees, including teachers.

The settlement, arrived at after arbitration, will cost the State about Kr1.1bn (£110m) a year.

The Norwegian Prime Minister Mr. Odvar Nordli, returned early from the NATO meeting in Washington last week because of crises in the pay talks with the public employees and over farmers' incomes. The negotiations over prices for farm produce are still not settled.

The agreement with the public employees assures those earning up to Kr65.000 (£6,500) a year of unchanged purchasing power, provided that prices rise by no more than 8 per cent in Norway this year.

After a poor export performance last year and the delay in developing North Sea oil and gas resources forced it to adopt a more restrictive economic policy earlier this year, the Labour Government has tried to restrict pay increases. A breakdown in the pay talks in the private sector led to a compulsory settlement by a wage settlement court

Denmark's leader may broaden government

By Hilary Barnes

COPENHAGEN, June 5.

MR. Anker Joergensen, Denmark's Prime Minister, announced at the weekend that he is thinking of trying to broaden the base of his Social Democratic minority government by bringing in parties to the right of his own party.

He revealed this in comments to the Press while discussing his decision temporarily to take over the job of Foreign Minister at the end of this month, when Mr. K. B. Andersen resigns from the post. Mr. Andersen has been nominated by the Social Democratic Party group as its candidate to take over as speaker of the Folketing from next October when the present speaker, Mr. Karl Skytte, retires.

The Prime Minister's plans came as a complete surprise to everyone, including many of his colleagues. Although the idea of a broadly-based coalition to steer the country through the economic crisis has often been mooted, this is the first time that Mr. Joergensen has suggested it. The parties involved in contacts with the government will be the Liberals, Conservatives, Centre Democrats, Radicals and the Christian People's Party.

The initial reaction from these parties was that they were prepared to discuss a coalition, but on condition, as the Liberal chairman, Henning Christoffersen, said, that they were given equal weight with the Social Democrats in a coalition. Most commentators, however, were unsure how seriously to take the Prime Minister's initiative and they were sceptical about the outcome of the putative coalition talks.

Kissinger urges loans curbs

By Our Own Correspondent

STOCKHOLM, June 5.

DR. HENRY KISSINGER, former U.S. Secretary of State, suggested here today that Western lending to Communist states should be in some way linked to their political behaviour abroad. Cuba's military operations in Africa could justify a halt to loans to that country, he said.

The OECD could draw up simple guidelines for lending to countries related to their foreign political activities,

Party divides and rules East Germany's writers

BY LESLIE COLITT IN BERLIN

THERE WAS little personal invective at last week's East German Writers' Union Congress; but perhaps that was because so many outstanding East German writers were absent.

Some, such as Reiner Kunze, Sarah Kirsch, and Jurek Becker have been forced to emigrate to the West; others have been muzzled and forced against their will to publish exclusively in West Germany. Among those who have voluntarily stayed away from the Congress or been excluded from it are widely acclaimed authors such as Franz Fühmann, Stefan Heym, Günter Kunert, Ulrich Plenzdorf, Rolf Schneider and Christa Wolf.

East Germany's writers are still feeling the effects of the writers' protest in November 1976 against the expulsion of the political poet and balladeer Wolf Biermann to West Germany. Never before had East German writers and intellectuals joined together to call on the Communist Party leadership to reverse a decision.

In the ensuing year and a half the Party leadership has dealt with the ungrateful authors in its own oblique fashion. It calculated that their solidarity was only skin deep, and that it would be easy to divide and conquer. It refused any form of dialogue, and instead demanded that the writers choose between "real socialism" and its enemies.

One writer has been turned against another; old friendships have ended in acrimony and mutual mistrust pervades the atmosphere when East German writers gather. In this country where writers enjoy enormous popularity and respect once they have struck a chord in their readers, those authors who are still (or, again) accepted by the Party are widely suspected of valuing a secure income above literary independence. They in turn grumble about the banned writers reaping rewards in the West for their dissent.

The majority of the 250 delegates at the Congress, which took place in the East German Volkskammer, or Parliament, felt the enormous tension that has built up but refused to get involved in the discussions of the role of the writer under socialism. They believed in any event that these would change nothing. The mood of the Congress was set a few days before it opened in a speech by East Berlin's tough Communist Party First Secretary and Politbüro member, Herr Konrad Naumann, to a Central Committee meeting presided over by Herr Erich Honecker, who is the Secretary General of the East German Communist Party and the country's President.

Herr Erich Honecker

Herr Naumann said that some authors still do not understand how to correct their "creative problems" in accordance with "our Party programme" and take to making "suggestions for improving real socialism" in East Germany which they then "serve to us in the bourgeois mass media. In return for this they have a matching bank account." One of the dissenting authors comments that Herr Naumann had matched the tone of "Herr Goebbels against the Jews before the Crystal Night." This was the night in 1938 when the Nazis burnt synagogues and attacked Jewish-owned shops.

Another foretaste of what was to come appeared on the culture page of the Party newspaper Neues Deutschland, where the newly-elected president of the Writers' Union, and bestsel[ling] author, Herr Hermann Ka[nt] replied to a letter from American publishers [pro]testing the exclusion of Christa W[olf] and Stefan Heym from [the] Congress. Herr Kant rep[lied] that Frau Wolf (author of C[on]versations with Christa T.) [had] excluded herself by accepting [an] invitation to Sweden during [the] Congress. Herr Heym (author [of] the King David Report) [had] neither been nominated nor [had] his name even been mentio[ned] by the Berlin Writers' Un[ion] which "elected its delegates [to] the Congress in secret ball[ot]," he said.

The version heard in [East] Berlin, though, is that H[err] Heym was proposed as a can[di]date at a meeting of auth[ors] belonging to the Party, but [the] hardliners ordered his na[me] removed.

The proceedings at the C[on]gress itself were closed to [both] Westerners and East Germa[ns] but even the edited version [that] filled the pages of Ne[ues] Deutschland fascinated E[ast] Germans who normally re[ad] only the weather and the sp[ort] pages of the official journal.

Delegates stood up to att[ack] unnamed writers who prod[uce] "books where only mistakes [are] collected and where reality [is] reflected in an entirely [in]famous and distorted manne[r]," in the words of one [in]authoress, Ruth Werner. F[rau] Werner added that "I can [eat] a baker's bread and like it ev[en] if he is a bit muddle-head[ed] but with an author the first c[on]dition is that he have a cle[ar] and decisive weltanschauung."

Writers' Union preside[nt] Herr Kant spoke in his addr[ess] of the "freedom of our lite[ra]ture," of "our friend and co[m]rade" Herr Honecker, of [the] "real, existing enemies [of] socialism" in West Germany a[nd] of "those former members [of] the union," that is, those w[ho] are now in West Germany.

In an appeal to the majori[ty] of writers still in East Germa[ny] Herr Kant told them not to [be] "deceived," to "dispute, b[ut] within this union, within t[his] country." The reference was [to] the spate of articles, intervie[ws] and short stories by E[ast] German authors appearing [in] West German newspapers, whi[ch] has assumed the proportions [of] a full-scale debate on E[ast] German literature.

Spying charge

KARLSRUHE, June 5.

A FORMER woman secretary in Chancellor Helmut Schmidt's office was charged here today with spying for East Germany.

Dagmar Kahlig-Scheffler (31) was accused of passing information through two other alleged East German agents, Peter and Gudrun Goslar, a married couple said to have given her instructions and relayed her messages.

Federal chief prosecutor Kurt Rebman announced related charges against the Goslars, also 31. The three have been under arrest for more than a year.
Reuter

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Liberal collapse bodes ill for Bonn coalition

BY JONATHAN CARR IN BONN

HERR HANS DIETRICH GENSCHER looked thunderstruck. His liberal Free Democratic Party (FDP)—long holder of the balance of power in West German politics—had just suffered a shattering reverse. In Sunday's provincial elections in the city state of Hamburg and the neighbouring state of Lower Saxony, the FDP failed to muster the 5 per cent support needed for representation in the State Parliaments. Having until now helped call the tune in coalition Governments in both areas, the FDP is no longer even a Parliamentary opposition in either.

In marked contrast to Herr Genscher, the leaders of the two big parties involved in the elections looked almost self-satisfied. Herr Willy Brandt had seen the Social Democrats (SPD) recapture with 51.5 per cent, the absolute majority in Hamburg which they had lost four years ago. And Dr. Helmut Kohl's Christian Democrats (CDU) will now be able to form a Government in Lower Saxony on their own.

Yet self-satisfaction is misplaced. If political life is now going to be very much harder for Herr Genscher, it will be more anxiety-ridden for the SPD and CDU too. The reason is that a coalition with the FDP is crucial to the long-term strategy of both big parties. If, as in Hamburg and Lower Saxony, the liberals are going to be extinguished as a parliamentary force, then West German politics will change profoundly. It is by no means clear who would profit.

The SPD has the more immediate cause for concern. It has now formed the federal Government in Bonn with the FDP for nearly nine years—first under Herr Brandt, then under Herr Helmut Schmidt. In the last federal elections in October 1976, the FDP received 7.9 per cent of the vote and the SPD 42.6 per cent—enough to allow their alliance to continue, albeit with a majority of only 10 in the Bundestag, the lower house of parliament.

It thus needs relatively little loss of support countrywide to pull the FDP below the 5 per cent mark. In Hamburg, the liberals suffered a much more sharp reverse—collapsing from 10.9 per cent in 1974 to 4.8 per cent on Sunday. In Lower Saxony the fall was less bad—from 7 per cent in 1974 to 4.2 per cent. But neither result bodes well for a continuation of a federal SPD-FDP alliance into the 1980s. And if the SPD loses its liberal partner—what can replace it?

Herr Schmidt's government also faces a more immediate problem involving the balance of power in the Bundesrat, the upper chamber of the federal parliament, which consists of representatives of the Governments of the federal states. The

Hans Dietrich Genscher

CDU and its Bavarian sister party, the Christian Social Union (CSU) have a majority in the Bundesrat, which has wide powers including veto rights over tax legislation passed to it by the Bundestag. But the FDP has sometimes been able to use its coalition with the CDU in Lower Saxony as a lever to help federal Government legislation through the Bundesrat.

Henceforth, it will not be able to do this—and the federal Government's parliamentary problems are likely to increase as a result.

So far so good for the CDU. But the disappearance of the FDP from the Government of Lower Saxony cuts across the strategy of Dr. Kohl who looked on the coalition there as a model for the kind of developments he wanted to see at federal level. In 1974 the state was ruled by an SPD-FDP coalition. Then in 1976 the liberals threw in their lot with the CDU. Despite recurring problems over voting in the Bundesrat, this alliance under the young, CDU Prime Minister Ernst Albrecht worked well and both sides planned to continue it after Sunday's election. Now Herr Albrecht will rule alone—making his task easier and Dr. Kohl's life more difficult.

In particular Dr. Kohl is likely to come under increased pressure from Herr Franz Josef Strauss, the CSU leader, who is ally and rival to Dr. Kohl in roughly equal measure. Herr Strauss, who has long urged a policy of "total opposition" to both SPD and FDP government parties, thought little of efforts to reach power in Bonn via provincial coalitions with the FDP—and only in recent months appeared cautiously to alter his view on the issue. He can now point to the Lower Saxony result as a confirmation of his former opinion.

He may also be encouraged to put forward the idea of a fourth party, operating country-wide. His own CSU at present exists only in Bavaria. Herr Strauss has long stressed how hard it will be for the CDU-CSU alone to come to power in Bonn. If the door to an alliance with the FDP is closed too, then according to CSU logic it may be time for a new party aiming to scoop up every last right-wing vote.

There seem to be flaws in the in the argument which the other main West German political groups have been quick to point out. None the less, the prospect of a fourth party emerging hangs over them all—and over the FDP in particular—like a sword of Damocles. Sunday's results show why. The FDP would not have done so badly—indeed it might still be represented in both parliaments—had not new, so called "green parties" of environmentalists emerged to tempt young, primarily liberal voters. The immediate cause of the upsurge of these parties was the fierce debate about nuclear power—not least in Lower Saxony which is to be the site of a nuclear fuel storage and reprocessing plant. None of these groups gained 5 per cent of the vote and their cohesion in the medium term is, to say the least, uncertain. None the less their very existence has troubled the CDU and SPD, dealt a shocking blow to the FDP—and shown how easily the normal course of West German politics can be upset.

Court rules on Renault's grass

BY DAVID CURRY — PARIS, June 5.

FOR 20 YEARS the name of Pierre Dreyfus was synonymous with that of Renault. It was Dreyfus who symbolised that marriage between the state and industry which made Renault into one of Europe's leading motor manufacturers.

Pierre Dreyfus also had a reputation of being a bit of a liberal in politics and eclectic in his art tastes. So when Renault was ready to move into its sparkling new office block along the Seine, he had the interiors decorated with brilliant motifs taking their inspiration from motor components, and commissioned the distinguished French sculptor, Jean Dubuffet, to produce something original to sit outside the front gates in the courtyard.

Dubuffet was commissioned for FFr 400,000 to produce a model of his work which the company would then arrange to be constructed for FFr 4m. Dubuffet also received FFr 120,000 towards his preliminary work.

But the contract stated that if for any reason the work could not be executed or was delayed, Dubuffet would receive only his FFr 400,000.

Work began in 1975 on the monumental sculpture—"A Summer Garden"—in massive concrete and polyester blocks around a pool.

By this time Pierre Dreyfus had retired, and the new chairman of Renault was the bulky and practical figure of Bernard Vernier-Pallez. It was quite clear that M. Vernier-Pallez did not enjoy the view out of his office window, and when it became clear that extra money would have to be spent to provide additional support for the pool of water which would be the centre-piece of the ensemble, he ordered the work stopped.

He then went one better and ordered the whole thing to be grassed over. Jean Dubuffet was not amused. He proposed to complete the work at his own expense and when that was not received with enthusiasm, he went to court seeking to protect the integrity of his work as his artistic property. When the judgment supported the company's right to stop and eventually destroy the work, he appealed and last week the appeal court handed down its verdict.

M. Vernier-Pallez can breathe easily: the court said that the clause in the contract setting down what would happen if the work could not be finished, effectively prevented his invoking the law extending to artists the moral ownership of their work.

Cautious union reaction to strikes at motor plants

BY OUR OWN CORRESPONDENT — PARIS, June 5.

BY THE middle of the week it will be known whether the strikes at two factories of the Renault motor group will fizzle out, or will assume the proportions of a challenge to the Government's incomes policy.

A Rouen court this morning ordered strikers occupying the engine and gear-box plant at Cleon to quit the factory within 48 hours. For the moment, the strikers — who are in a small minority — are maintaining pickets across the entrance and the plant is shut-down.

However, a court at Versailles refused Renault's request for an order compelling several hundred striking press shop workers—mainly immigrants—to stop their occupation of the Flins factory west of Paris. The court warned, however, that the strikers must not damage machinery or prevent other workers from operating them, on pain of being forcibly ejected.

As the company has closed the Flins plant until Thursday in what it describes as a postponment of the shifts, the situation will remain unclear until the middle of the week.

On the whole there has been little sympathy action elsewhere in the group, though unions at the Douai assembly plant have called a four-hour stoppage.

The unions are treading carefully, apparently caught off balance by the strikes which grew in each case out of local incidents (the dismissal of a worker at Flins for persistent lateness, and regrading difficulties at Cleon). At neither plant does the bulk of the workforce show much sign of following the strikers' lead.

Big cut in Italy's trade deficit

BY OUR OWN CORRESPONDENT — ROME, June 5.

ITALY SUBSTANTIALLY reduced its trade deficit in the first four months of this year compared to the same period last year following a 1.3 per cent fall in imports and an 11.3 per cent increase in export performance.

After the first four months of this year, the trade deficit totalled L388bn as against L1,888bn during the same period in 1977, according to provisional figures released by the official statistics bureau, ISTAT.

In April, Italy recorded its first monthly surplus of the current year totalling L11bn as against a deficit of L507bn in April 1977.

During the first four months, the oil deficit, which is included in the overall figures, dropped from L2,413bn in 1977 to L2,256bn. The agricultural deficit, also included in the overall trade figures, totalled some L1,500bn in the same period this year.

The improved trade position is in part the result of the industrial recession in Italy. However, there are now concrete signs of a recovery in industrial output. Sig. Rinaldo Ossola, the Foreign Trade Minister, has resumed overseas visits to promote Italian exports to Middle East oil-producing countries, Africa and Eastern Europe.

PENSION REFORM

Growing problems

BY PAUL BETTS IN ROME

ITALY'S PUBLIC sector borrowing requirements, officially put at some L35,000bn ($22bn) this year, has assumed the proportions of an enormous octopus with an insatiable appetite, according to the Treasury Minister, Sig. Filippo Pandolfi. Of all its tentacles, one of the longest and greediest is the country's pension system which led the Governor of the Bank of Italy, Sig. Paolo Baffi, to refer to the problem with the tone of an old testament prophet at the central bank's annual meeting last week. Pensions, he said, represented the equivalent of 11 per cent of gross national product last year. This would increase to 13-14 per cent next year and reach 18-20 per cent in 1990.

At long last, however, there appears to be a consensus among political and social forces on the need to reform the pensions system. While the immediate short-term incentive is the need to contain the enlarged public sector deficit to a level acceptable to the International Monetary Fund, in the longer term the reform of the system is crucial for Italy if it is to reduce its high rate of inflation to respectable single digits. Yet the difficulties are considerable.

Earlier piecemeal attempts have been blocked by the howls of protest the proposed modifications have aroused, despite the acceptance in principle by the trade unions and the political parties that something must be done. Not only is the system so complicated that few can understand it, but it affects so many people that any changes are almost bound to have severe political repercussions.

Ironically, the pension system has been hailed as the most advanced in Western Europe. Employed workers have the following benefits: seniority pensions payable at any age after 35 years' paid-up contributions; disability pensions paid after five years' contributions; old age pensions after reaching the age of 60 or 55 for women, provided 15 years' contributions have been paid: and so-called survivors' pensions, paid if the deceased has paid at least five years' contributions. There are also some 800,000 social pensions paid to the poor when they reach the age of 65. Pensions are also paid for industrial accidents and sickness and for war service injuries.

Between 1960 and 1977, the number of pensions have risen from about 5.7m to 13.5m compared to a labour force of some 20m last year, while the expense has increased from L1,000bn to L 18,800bn with the percentage of GNP extended rising from 4.85 per cent to 10.93 per cent during the same period.

The financing and administration of pensions is widely regarded as one of the principal shortcomings of the system. Subsidised pensions for a number of categories, like agricultural workers and artisans, currently cost the state some L3,275bn a year, or about 2 per cent of GNP. Unless reforms are introduced, the indebtedness of the agricultural workers fund alone is expected to amount to as much as L16,000bn by 1980.

At the same time, disability pensions are paid regularly as a kind of indirect social welfare system, particularly in the depressed South where the level of unemployment is especially high. They are often much easier to get than old age pensions. Indeed, the main Italian pensions institute, INPS, at present pays more than 5m disability pensions a year.

There are also very few restrictions on the accumulation of pensions with earnings from employment. A recipient can thus receive two or three separate pensions—old-age, disability, war service, and so on—and continue in regular employment. But when the Government tried towards the end of last year to reduce the pensions of employed workers, there were such protests from the unions that the ruling Christian Democrat party persuaded the minority administration of Sig. Giulio Andreotti to postpone the introduction of the unpopular measures. In any case INPS said it did not have the necessary equipment to identify employed workers with pensions and that it could only start identifying them by 1979.

What has particularly exacerbated the deficit of the system has been the automatic indexation of pensions, introduced eight years ago. Parliament has recently approved limitations at the highest levels, but it is clear that action will also have to be taken for all other pensions. The indexation has effectively seen pensions increase by greater percentages than those of earnings which have themselves risen at a higher rate than the cost of living. At the same time, certain categories like the Civil Service and the banking system, have enjoyed through the indexation system what have become known here as "super pensions."

The Government is proposing to introduce later this week a series of provisions to contain the enlarged public sector deficit to between L24,000bn and L25,000bn this year. After a mini-package of tax and public utility tariff increases announced by the Cabinet at the end of last month, on Friday the Cabinet is expected to announce public expenditure cuts by reducing 1978 spending plans and posting others to 1979.

OVERSEAS NEWS

Morocco acts on financial problems

BY OUR OWN CORRESPONDENT RABAT, June 5.

AS THE U.S. Air Force started airlifting 1,500 Moroccan troops to Zaire over the weekend, King Hassan announced a series of measures designed to solve financial difficulties caused partly by heavy military spending.

While five American C-141 troop transport planes flew out the first group of troops to Lubumbashi via Dakar, the King said in a broadcast on Sunday night that Morocco would have to cut down on foreign currency spending, notably by reducing imports by 20 per cent.

To improve the inflow of foreign currency he announced a preferential rate for the Dirham, putting it on a par with the French franc, to derive increased benefits from the receipts of the 350,000 Moroccan workers in France. This is equivalent to a devaluation of about 7.3 per cent but it applies only to workers' transfers and not to any other commercial operations.

He also announced that the new five-year plan will be scrapped. It was due to be implemented this year but now it will be replaced by a three-year "transitional" plan which will rely for finance on a maximum of national savings instead of on foreign aid.

The King made no secret of the fact that Morocco is in financial difficulties mainly because of military spending. Security forces are costing the country $772m this year and the King has just taken delivery of the first Mirage F-1 jet fighter—he has ordered 50 of them from France, reportedly at a cost of $650m. Also in the pipeline is a $250m radar network supplied by Westinghouse of the U.S.

According to the King increased military spending is needed to re-equip the armed forces after heavy losses during the October war on the Golan Heights, but it is undoubtedly made necessary also by losses in the Western Sahara, where his army is still battling against the Polisario guerrillas based in Algeria over two years after the area was ceded to Morocco by Spain.

He also blamed financial troubles on a succession of four poor harvests which cost $300m in cereal imports, the increase in the cost of oil imports which had completely neutralised income from phosphate exports despite doubling the price, and investments in Sahara development $260m this year.

Certainly the sending of troops to Zaire for the second time also contributes to the financial burden and the King is hoping President Mobutu realises the sacrifice he is making and will do something drastic to remedy the situation in Zaire and prevent another repetition of the Shaba affair.

However, the King said in his speech he would fly to President Mobutu's assistance a third or even a fourth time if necessary because it was not an internal affair but the consequence of attacks from outside "by those opposed to our spiritual values."

He considers the Zaire airlift an African and not solely a Moroccan congingency operation, and stresses that Moroccan troops are being placed at the disposal of the Organisation of African Unity.

However, he is against the proposal for a permanent pan-African military force because he says the idea would lead to a cleavage in Africa with the direct consequences.

Envoys face plan for observers in Rhodesia

The British Government is to be invited to become an observer within Rhodesia's multi-racial transitional Administration, nationalist sources said here today. Tony Hawkins reports from Salisbury. The suggestion is to be put to the two Anglo-American envoys—Mr. John Graham of the Foreign Office and Mr. Steven Low, the U.S. Ambassador to Zambia—in talks this week.

Political observers in Salisbury are convinced that the British Government will reject the plan. It calls for the appointment of British observers on both the four-man Executive Council and the 18-man ministerial council to see the transitional Government at work. Britain would also be asked to appoint an observer to join the constitutional committee which is drafting the detailed constitution for Zimbabwe due to come into operation in December, to act as an observer of the electoral process scheduled for December 31—and even for Britain to take up a post as observer on the military committee which is trying to implement a ceasefire in the 51-year-old war.

Desai leaves for talks on U.S. N-supplies

By K. K. Sharma

NEW DELHI, June 5.

THE FUTURE of India's nuclear energy programme will be decided in the next two weeks. By then, Prime Minister Morarji Desai will have held talks with President Jimmy Carter on supplies of enriched uranium for the U.S.-built Tarapur atomic plant near Bombay.

Mr. Desai left here this morning on a 12-day tour that will take him to Tehran, Brussels, London and the U.S. The last leg, when he holds two rounds of talks with President Carter in Washington, will be the most important.

Although President Carter has promised to continue shipments of nuclear fuel to the Tarapur plant that would enable it to function for another 18 months, these supplies have been held up by the Congress on the grounds that India has not agreed to sign the nuclear non-proliferation treaty and because the Indian Government is not willing to accept nuclear safeguards sought by the U.S.

India has reacted strongly to this delay and is insisting that the U.S. fulfil contractual obligations, especially as Mr. Desai has declared that India will never manufacture nuclear weapons or use nuclear explosives either for military or peaceful purposes. This stand remains unchanged and Mr. Desai's view is that he will not sign the proliferation treaty, on the grounds that it is discriminatory as the nuclear powers are not bound by its terms.

At stake are not only the 7.5 tons of enriched uranium that are held up in the U.S. but India's approach to the nuclear issue. Mr. Desai has made it clear that if the U.S. does not send the supplies of fuel necessary to make the Tarapur plant run, he will look elsewhere.

This could mean that India will look to Russia for supplies and indications from Moscow are that the Russians are eager to step in to fill the gap.

● Sanjay Gandhi, younger son of the former Indian Prime Minister, Mrs. Indira Gandhi, was today released from jail after being imprisoned by the Supreme Court for intimidating witnesses in a case of criminal conspiracy against him. He was released after the Sessions Judge trying the case ordered that bail of Rupees 5,000 be given to Sanjay. He has been ordered not to leave India without permission.

Left-wing party suspends activity in protest against Sadat law

CAIRO, June 5.

EGYPT'S left-wing Unionist Progressive Party today suspended activities in protest against the law purging from public life Communists and other critics of the regime.

The UPP said that a meeting of its constituent assembly next Sunday would decide whether to dissolve the party altogether. "The party has decided to stop mass political activity as long as this law exists," it said.

The party led by Khaled Mohieddin, will also cease publication of its weekly newspaper Al-Ahali (The People) after next Wednesday's edition and is accepting no new members.

The country's largest opposition group, the conservative New Wafd, dissolved itself for similar reasons.

The new law, approved by a 98 per cent. vote in a referendum two weeks ago, was introduced after bitter criticism of President Sadat's Government.

Today the UPP criticised the ruling Centrist Party, accusing it of liquidating the democratic experiment which was still in its infancy.

The measures approved by the People's Assembly (Parliament) four days ago served to tighten one party rule, curb individual freedoms and threaten the security of the individual, the UPP said. It argued that the law also contravened the Constitution.

Mr. Sadat has accused pro-Moscow Marxists of controlling the UPP and has said he wanted Egyptian leftists to run the party.

Reuter

Oil prices may rise from end of year, says Yamani

BY OUR FOREIGN STAFF

OIL PRICES will remain frozen for the rest of 1978, but after December gradual price rises would be in the best interests of the U.S., Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, said in Riyadh over the weekend.

On June 17, the members of the Organisation of Petroleum Exporting Countries (OPEC) will be holding their regular biannual meeting in Geneva. Sheikh Yamani said that Saudi Arabia would, as it did last December in Caracas, oppose calls by Algeria, Libya, Iraq and others for a price increase this year.

But Sheikh Yamani did not make any such promise for 1979 and said gradual price increases over the next several years would be necessary to protect the U.S. and other industrialised economies from a sudden sharp jump in oil prices in the mid-1980s, when today's oil surplus is expected to become an oil shortage.

If current economic conditions prevail when OPEC meets in December, Sheikh Yamani said a price increase of more than 5 per cent in 1979 would not be justified. But he stressed that the world economic picture could change.

"By December we will either decide for a freeze or an increase," he said. "If we decide for an increase, it would not be more than 5 per cent as things look now. Right now there is a 50-50 chance of a freeze or of an increase."

The Saudi Oil Minister also repeated his country's commitment to stick with the dollar as a means of pricing oil, but he indicated Saudi Arabia is not happy with the weakened dollar.

Terror count in Israel highest since 1967

By David Lennon

TEL AVIV, June 5

PALESTINIAN terrorist attacks have killed more people in Israel in the first five months of this year than in any comparable period since the 1967 war which started 11 years ago today.

Fifty-three civilians have died in Palestinian attacks so far this year, only four less than in the whole of 1974, the worst year for civilian deaths from terrorist activities.

The last two years were relatively quiet as the Palestinian organisations were busy with the civil war in Lebanon. It is said that war ended the Palestinian guerrilla organisations have been rebuilding their forces in Israeli-occupied territory.

The two most active groups, Fatah and the Popular Front, have also stepped up their smuggling of arms and explosives into the occupied territories.

The effectiveness of this organisational work is apparent in the sharp rise in the number of deadly incidents originating within the area under Israeli control.

In 1974 there were 14 fatal attacks in which 57 people were killed. Eight of these attacks were launched by groups from across the border. In the nine fatal attacks this year only one was carried out by a Palestinian group entering Israel from outside.

The almost daily reports of bombs in various parts of the country appear to be little affected by the periodic discovery by the security forces of guerrilla cells.

Dozens of West Bank residents have been arrested in recent months on charges of belonging to these cells. Two of the organisers of the most deadly cells were reported to have escaped to Jordan before the arrests.

Pakistan bank law

The banking companies ordinance of 1962 has been amended to increase the minimum capital to be maintained by a foreign bank from Rs 2m or 3 per cent of total deposits in Pakistan to Rs 5m or 7.5 per cent of the total demand and time deposits, whichever is higher, our correspondent writes from Karachi.

The amendment to the ordinance was approved at a meeting of the council of advisers held in Rawalpindi under the chairmanship of chief martial law administrator, General Zia Ul-Haq. The minimum prescribed capital must be deposited with the State Bank of Pakistan either in cash or unencumbered approved securities.

The increased limit is described as being not only more realistic but would also give Pakistan the added advantage of collecting more foreign exchange as and when a new foreign bank is permitted to open a branch in Pakistan.

Malay payments

A Malaysian Air Force Group Captain has been jailed for three years for payments involving the Malaysian Government's $39m purchase of 16 supersonic F-5E jets from the Northrop Corporation, Wong Sulong writes from Kuala Lumpur.

After a month-long trial, the High Court here found retired Group Captain Ahmad Shah, 54, guilty of four corruption charges and also ordered him to pay the Government M$36,000 (£13,000) he had received from the local agent of Northrop.

The highly-publicised trial is another demonstration of the efforts of Datuk Hussein Onn, the Prime Minister, to tackle corruption in Malaysia. Datuk Hussein is widely expected to go to the polls next month on a platform of clean government.

Karachi air dispute

Pakistan's international airline may come to a grinding halt following a deadlock in the pay dispute negotiations between the engineers and the airline management. There have been serious delays and disruptions in Pia's operations for some time with flights up to 24 hours behind schedule, our correspondent writes from Karachi.

Air Marshal Nur Khan, Pia's chairman, attributed these delays to the "nonco-operation of ground engineers, who, without admitting it, are adopting go slow and work to rule tactics."

Burma refugees

MAJOR General Ziaur Rahman, has re-emphasised that the 150,000 Muslim refugees who have come from Burma in the last two months are Burmese nationals, Simon Henderson writes from Dacca. Speaking at his first news conference since winning a landslide victory in Saturday's presidential elections he said Burma must take them back.

Cuba 'trains Oman rebels'

BY IHSAN HIJAZI BEIRUT, June 5

THE MURDER of five Britons in Oman last week signals the renewal of insurrection against Sultan Qabous by rebels trained in Aden by Cuban advisers, according to South Yemeni exiles. The exiles claim to have heard about large-scale infiltrations into Oman by rebels from South Yemen. The exiles, who were en route to Cairo to join the front led by Mr. Abdel-Qawi Makawi, in opposition to Aden's Marxist regime, said the Popular Front for the Liberation of Oman, which led the rebellion in Dhofar, three years ago, has recruited a new Cuban-trained army.

Sultan Qabous, now 37, seized power in 1970 after ousting his father, Sultan Said Ben Taymour. He announced in 1975 that the rebellion in Dhofar had been crushed completely.

Mr. Makawi, who was First Minister of South Yemen before independence from the British in 1967, submitted a note to the Arab League last month charging that the present regime in Aden had brought the country under Soviet and Cuban domination.

According to the exiles, Mr. Makawi's note said that about 2,000 Cuban military advisers have been training militias belonging to the Aden regime and to the Oman liberation front.

Recurring tension in the Gulf region was believed to be a principal motive behind Sultan Qabous's decision last month to establish diplomatic relations with Peking.

AMERICAN NEWS

California ready with tax warning for the nation

BY JUREK MARTIN, U.S. EDITOR LOS ANGELES, June 5.

CALIFORNIA SEEMS ready to send a message tomorrow to politicians all over the country. It is that property taxes are too high, and that any public official who thinks otherwise runs a risk of losing popular support.

The debate over the property tax initiative, known as Proposition 13, has completely dwarfed the parallel primary election here, the most important of which is the selection of a Republican candidate to oppose incumbent Governor Jerry Brown in the November election.

According to all local polls, Proposition 13, which would cut the state's tax revenues by as much as $7bn in the first year and impose rigid future tax ceilings on future tax increases, will pass by a wide margin. This is in spite of opposition by the Governor, big business, organised labour, the teaching profession and minority groups.

The movement in support of the initiative is being described as a genuine grass-roots taxpayers' revolt. As such, it has wide implications for other states where similar movements are afoot, for the federal Government, and for both national political parties as they look forward to the 1980 Presidential election.

But the first impact is likely to be felt by the four Republicans contesting the state's gubernatorial primary tomorrow. Their fortunes seem inextricably tied to their position on Proposition 13.

Two of the four, Evelle Younger, State Attorney-General, and Mr. Edward Davis, former Los Angeles police chief, have backed the measure, the latter with great fervour. The other two, Mr. Ken Maddy, State Assemblyman, and Mr. Pete Wilson, San Diego's mayor, oppose it.

Mr. Younger, the front-runner, took careful counsel before making his stand. But his lead has been sharply cut by the onslaught of Mr. Davis, an uninhibited, right-winger and law and order candidate.

A few weeks ago, when Proposition 13 had not really taken off as a public issue, it appeared that Mr. Maddy, a personable moderate, was climbing fast.

But, on the issue admission, Mr. Maddy has been grievously damaged by his refusal to support the property tax amendment.

Mayor Wilson has suffered the same fate, although he had never risen higher than fourth.

Liberal lead in Colombia elections

By Sarita Kendall

BOGOTA, June 5.

LIBERAL PARTY candidate Sr. Julio Cesar Turbay Ayala has a small lead over his Conservative opponent Sr. Belisario Betancur in the Colombian presidential elections, according to official results so far. More than 90 per cent. of the votes have been counted, but the 94,000 advantage of Sr. Turbay could still be overtaken, and both Liberals and Conservatives have been claiming victory. Opposition parties together have taken less than 5 per cent. of the vote.

In a triumphant speech at midnight on Sunday, Sr. Betancur declared he was Colombia's next president. Sr. Turbay chided him for acting out of turn, and said he himself would wait for full official results before formally announcing his own victory.

Savings issue fears realised

By Our Own Correspondent

NEW YORK, June 5.

RESPONSE BY investors to the new six-month high-yielding savings certificates which went on sale last Thursday has proved disappointing so far, according to many commercial banks and savings and loan associations.

The savings institutions' fears that investors would switch funds out of lower-yielding accounts appear to have been justified.

The Bowery Savings Bank, New York's largest mutual thrift institution, reported that first-day sales amounted to $13.5m. About 75 per cent of that represented transfers of funds from 5¼ per cent savings accounts.

$7bn gain expected in value of exports

BY JOHN WYLES NEW YORK, June 5.

THE U.S. Government expects the dollar depreciation of the past nine months to add between $7bn to $8bn to the value of U.S. exports by the end of 1979, according to a senior Treasury official.

In a sweeping analysis of U.S. competitiveness this morning, Mr. Fred Bergsten, Assistant Secretary for International Affairs, argued that the trade deficit peaked in the first quarter of this year at an annual rate of $45bn. The Government believed that "the extraordinary surge in non-petroleum imports" during the quarter was a temporary aberration caused by a variety of factors ranging from fear of new U.S. import restrictions to the possibility of a West Coast dock strike this summer.

Mr. Bergsten indicated that the Administration was taking some comfort from a moderate pick-up in exports in March and April which led to a 10 per cent decline in the trade deficit. A pick-up in growth rates in other leading industrial countries should benefit U.S. export performance. The effects of the fall in the dollar are expected to grow as the year proceeds, rising by the end of the year to an annual rate of gain of $7 to $8bn," he told a seminar organised by the Conference Board, the business research organisation.

While oil imports were the major and obvious contributor to the deteriorating U.S. trade balance, a second major factor had been the differing pace of economic recovery among the major industrial countries, whose industrial production in particular did not grow at all in 1977, while U.S. output rose by 5 per cent.

This should cease to be such a depressant on the trade balance in the months ahead because of the convergence of growth rates anticipated by the Carter Administration.

Mr. Bergsten said no dramatic changes would be seen immediately but fundamental improvements were under way. President Carter was committed to making a major effort to improve U.S. export performance and his programme was in the final planning stages.

NYC pay deal stumbles

NEW YORK, June 5.

AFTER all-night negotiations, talks on a new pay contract for New York City's 225,000 employees were adjourned until this afternoon without any indication that agreement would be reached before tomorrow's Senate hearings on a new federal aid programme for the city.

Last night both sides believed apparently that a deal was within reach, only to find that they were stumbling over a new issue. There seem to be difficulties in reconciling individual contracts with the various unions which have been negotiating as a coalition.

Mr. Edward Koch, New York's mayor, needs an agreement before he testifies to the Senate Banking Committee tomorrow in favour of the Carter Administration's plan to provide 15-year $2bn loan guarantees.

THE CANADA-U.S FISH WAR

Bones of contention

BY VICTOR MACKIE IN OTTAWA

CANADA IS now locked in a fish war with the U.S. in coastal waters of the Atlantic and Pacific oceans. The war, which has been looming for months, became inevitable when Canadian and U.S. negotiators meeting in Washington last month failed to reach an agreement on disputed fishing rights. The Canadian move to block American fishermen was held up because both Prime Minister Pierre Trudeau and External Affairs Minister Donald Jamieson were in Washington for the NATO summit meetings.

The Canadian authorities do not expect the dispute to escalate into the scale of the gunboat struggles which erupted over fishing rights a few years ago between Britain and Iceland.

Before the extensions of fisheries jurisdiction to a 200-mile zone of economic management by Canada on January 1, 1977 and the U.S. on March 1, 1977, fisheries relations between the two countries were governed by a reciprocal fishing privileges agreement which permitted certain fishing activity by each country within the three to twelve mile zone of the other.

Negotiation for a more comprehensive agreement began in 1976, with the realisation that when 200-mile zones were established, the situation would become somewhat more complex. When negotiation of a long-term agreement proved impossible, the two sides concluded an agreement early in 1977 which had as its primary objective, the maintenance of the status quo with respect to the terms and conditions under which fishing would be conducted by fishermen of one nation off the coast of the other.

It became clear in 1977 that the lack of agreement on maritime boundaries between the 200-mile zones of Canada and the U.S. made the establishment of a long-term fisheries agreement extremely difficult. Many fish stocks migrate across any likely boundary between the fishing zones of the two countries and co-operative management schemes are required if effective conservation is to be maintained.

Thus, in mid-1977, the Prime Minister and the President appointed special negotiators (M. Marcel Cadieux for Canada and Mr. Lloyd Cutler for the U.S.) whose mandate is to negotiate an agreement on maritime boundaries and related resource questions, including fisheries.

In their report of March 1978, the special negotiators noted they had been unable to reach agreement, but recommended the text of an interim fisheries agreement to be applied for 1978 while the long-term boundary/resource issues continued to be addressed.

The 1978 interim fisheries agreement is modelled on the 1977 agreement and was provisionally applied, pending formal approval by governments. The 1978 agreement contains stronger provisions for consultation on the management of fish stocks than the 1977 agreement. It also contains provisions granting more favourable access for Canadian fishermen to the area between three and twelve miles

THE FISHERIES dispute between Canada and the U.S. threatens to disrupt even game fishing in boundary waters. U.S. authorities said they will crack down on recreational as well as commercial fishermen who stray across borders in the Great Lakes and off the Atlantic and Pacific coasts. Ottawa officials have indicated that they will retaliate.

The deadline for barring U.S. fishermen from Canadian waters and Canadians from U.S. waters passed on Sunday without incident as patrol vessels and aircraft moved into position.

off the coast of the State of Washington. The agreement permits Canadian fishermen to catch fish off Canada smaller than the law allows in the U.S. However, in return for these more favourable terms the U.S. wanted an end to salmon trolling in Canadian waters on Swiftsure Bank from April 15 to June 15.

Canada was prepared to close the fishing ground only if stocks were endangered by too many fishing immature salmon on the catch. To reflect these differing views, the agreement says that "if the U.S. concludes that there is a conservation need to close the fishery . . . but Canada does not do so, the U.S. shall have no obligation to permit salmon fishing in its Pacific coast waters by nationals and vessels of Canada under the terms of the 1977 reciprocal fisheries agreement."

At the beginning of the season, Canadian and U.S. experts disagreed on the existence of a conservation problem on Swiftsure Bank. Canadian experts reported a very low proportion of salmon below the legal size in the fishery, except in the inshore area. Most of Swiftsure Bank was, therefore left open to fishing.

The U.S. disagreed, arguing that the whole area should be closed. The extra 1978 privileges for Canadian salmon fishing off Washington were withdrawn when the season along the U.S. coast opened on May 1. Under the terms of the agreement, the final conclusion is left to the U.S. After numerous exchanges between officials of the two countries the U.S. and Canadian ambassadors met on May 11 and 12 to discuss the issue further.

The Canadians said that the denial of favourable access to the Washington grounds had offset any problem caused by Canada's not closing all of Swiftsure Bank. Canada said the favoured access provisions should be restored and a meeting was arranged in Washington on May 26 between the special negotiators of each country. Swiftsure Bank was closed entirely pending the outcome of the talks.

But on the Atlantic Coast, equally serious problems had arisen. The U.S. scallop and pollock fisheries in the Georges Bank and the Gulf of Maine areas caused problems because they were unrestricted and Canada believed the U.S. cod and haddock catch levels were too high.

These problems had arisen in 1977 but Canada had hoped that they would be overcome through the consultative provisions incorporated into the 1978 agreement. While the U.S. has agreed to have further consultation on management plans for cod and haddock, it is only now apparent that under U.S. legislation and administrative procedures, the U.S. is not able to take any action to restrict their scallop and pollock fisheries to have any effect 1978, Canadian officials said.

Because it has not been possible to resolve these difficulties, Canada advised the U.S. that it has suspended the provisional implementation of the 1978 interim reciprocal fisheries agreement, while reaffirming its commitment to negotiate an agreement on maritime boundaries and related resource arrangements.

David Housego, recently in Sumatra, profiles Indonesia's showcase Asahan project

Rising costs a source of embarrassment

THERE ARE certain projects, like Egypt's Aswan Dam, which have an importance in their country's history going beyond their immediate economic value. Asahan—a hydropower and aluminium smelter project that is one of the largest foreign investments in South East Asia—has similar symbolic meaning for Indonesia.

It is first of all a source of national pride because attempts to harness the Asahan river have been a challenge to successive regimes both before and after independence. Though engineering works are only just beginning on the banks of the Asahan river, college students are being taken in their hundreds to the site of the dams and generating stations. The Dutch initiated the scheme while they still ruled Indonesia. It was briefly taken up by the Japanese during the occupation. Former President Sukarno sought Russian collaboration to build it. Now it is one of the economic monuments that President Suharto would like to leave as part of his legacy to the country.

The project is also—like some of the grandiose projects of the state oil concern Pertamina or the Krakatau steel plant now taken over by the government—associated with the regime's love of showcase projects which have an insatiable appetite for funds and draw the sweet-toothed to the honey. Estimated to cost $S12m in 1974 when Japan signed the contract for the hydropower plants, the aluminium smelter on the coast and the infrastructure works, the revised figure is now between $1.5bn and $2bn.

In the eyes of many Indonesians it provides an example of how Japan has come to exploit the resources of the country with little benefit to Indonesia. Paradoxically it has also become a test case of Japan's political commitment to south east Asia.

From Lake Toba in west Sumatra the Asahan river spills down through thick jungle to the Malacca Straits—an overflow from a volcanic crater 300,000 years old. From the air it looks like a tongue of mercury pointed to the sea. Below, it explodes through narrow gorges and dense forests as it rapidly tumbles 900 metres. The Dutch plan was for a succession of dams and five electric generating stations to provide power in Sumatra. The Russians built most of the access roads to Siguragura and Tangga where the falls are sharpest. But work came to a halt when they were kicked out in 1968 after the Communist uprising.

The serious involvement of the Japanese came in 1974 after the increase of oil prices had added to the attractions of hydro-electric power. As conceived in discussions then, the project was to link the power generated at Asahan with the development of large bauxite deposits on the Indonesian island of Bintan near Singapore. Output from the smelter was planned to reach 225,000 tons a year on the basis of a firm generating capacity of 426 MW. This would require as feedstock about 800,000-1,000,000 tons of bauxite a year processed into alumina.

For the Japanese the attraction was the production of aluminium ingots (aluminium smelting being heavily energy-intensive)

that could be shipped to Japan for fabrication. The Japanese Government in partnership with the major banks and trading companies agreed to finance most of the power and smelter costs. They gave no guarantee, however, to purchase the alumina feedstock from Bintan.

The Indonesian Government was thus left to develop on its own the bauxite mines and an alumina smelting complex at Bintan at an estimated cost then of $400m. For Indonesia the attraction of the scheme was that the power of Asahan river would at last be harnessed. But the real economic return from the project was seen as coming from the export of bauxite and the development of an intergrated aluminium industry.

The major problem for Indonesia is that the bauxite from Bintan has so far proved of disappointingly low grade, raising doubts whether the development of the mines will ever at any moment commercially worthwhile. The Japanese, having given no commitment to purchase alumina from Britain, are now keener to get it from Australia.

President Suharto still wants to push ahead with Bintan though his economic ministers are anxious to put off the project on the grounds that there are more important priorities for foreign exchange expenditure. Politically it is a further complicating factor that Bintan has become a test case of the President's determination to root out corruption. His credibility suffered a blow recently when an initial contract for Bintan was awarded without international tender to the West German firm of Klockner. Klockner is also one of the major contractors at Krakatau.

Without foreign exchange earnings from Bintan, Indonesia's return on the project would not be large. The aluminium smelter will absorb all but a marginal 20-50 MW of the electricity generated and take almost two-thirds of the river's potential generating capacity. West Sumatra—with its rubber and palm oil estates—is one of the fastest growing regions in the country, and the main alternative source of power would be costly energy from nearby oil or gas fields whose production now seems to be peaking.

The smelter will obtain electricity at Y1.82 per kilowatt-hour, about a fifth of the cost in Japan or a third of the cost of supply to a similar Japanese smelter in New Zealand. Because the hydro-electricity is the property of the project, the Indonesian Government cannot raise its price. It will obtain some revenues from water fees and taxes. The number of jobs created is small—about 5,000 at the height of construction and 2,200 once the project is in operation in 1983.

The prospects of a domestic aluminium industry have receded because private investors are for the moment shy of going into aluminium fabrication as the local market is too small. Under the terms of the agreement with Japan, Indonesia has in any case access to at most a third of the output. The engineering feat apart, to Indonesian officials the main justification for the project is that without the venture the water would still go to waste as there have been no other offers to finance hydroelectric plants on the river.

The increase in cost of between $700m and $1bn, mostly due to inflation, on the smelter and related infrastructure, is a source of embarrassment between Japan and Indonesia.

The Japanese know that Indonesia does not have the foreign exchange resources to finance the increase in cost though it is pressing Indonesia hard to put up a share. The attraction of doing so for Indonesia is that it would provide a stronger lever to persuade the Japanese to draw alumina supplies from Bintan.

Difficulties over sharing the additional costs have prompted speculation in the Japanese Press that Japan might withdraw from the project. Politically Japan is too committed and whatever the economic returns, so is the Indonesian Government. But doubts over Asahan and Krakatau have diminished Indonesia's appetite for the mammoth projects of the past.

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Further U.S. protest over European aircraft finance

BY DAVID BELL

WASHINGTON, June 5.

THE U.S. should move to counter the "predatory practices" of European governments which have recently provided extremely attractive financing terms to help persuade U.S. airlines to buy European jet engines or aircraft, another Congressman said this week-end.

Congressman Mark Hannaford, of California, where the aerospace industry is a major employer, said that the recent sale of the European Airbus to Eastern Airlines and Rolls-Royce-powered TriStars to Pan Am should "raise a few eyebrows and a lot of questions."

Last Thursday Mr. Michael Blumenthal, the U.S. Treasury Secretary, raised the issue with Mr. James Callaghan the British Prime Minister, while he was in Washington. The Secretary protested strongly at the scale of British Government finance for the TriStar sale to Pan Am. Under the deal Britain provided credit insurance cover for the whole deal, even though British engines accounted for less than half the total contract value.

Mr. Blumenthal said that it was important that in future there should be much more intergovernmental co-operation to avoid any export credit war. It is likely that this will be one of the subjects discussed at the Bonn economic summit in July.

Congressman Hannaford, who attached his comments to a piece of legislation that would increase the lending capacity of the U.S. Export Import Bank to some $40bn, said that the bank was the logical channel to boost sales of U.S.-made aircraft to Europe. But he said that the U.S. could not afford to lose out because it was unable to offer the kind of terms offered in Europe.

Both the Airbus and the Rolls-Royce engines, he said, were "good" and "all things being equal the sales might have been coincidental wins for European industry and losses for American industry. But all things are not equal. Eastern purchased Airbuses because it received virtually 100 per cent financing from the French and German governments and our aircraft companies simply could not compete with either the French or German treasuries."

The same applied, he went on, to the support given to the TriStar deal by the British Export Credits Guarantee Department.

Mr. Hannafords' comments are a sign of a growing feeling in Congress that the U.S. should "retaliate" in some way in the face of European "backdoor subsidies" of this kind. The European industry responds that it has only a minute share of the U.S. market and that the major American manufacturers receive a de facto subsidy in the form of Pentagon research and development contracts and in the long production runs which the production of advanced aircraft for the U.S. armed forces gives them.

Nevertheless, the aircraft deal is another sign of the friction between the U.S. and other industrialised nations in the search for new orders. The indications are that this friction may get worse in the months ahead.

Strong attack on Dell as 'wistful mercantilist'

BY DAVID FREUD

IMPORT CONTROLS are no alternative to allowing the U.K. labour market to function correctly, according to Dr. Deepak Lal, an economist at University College, London.

In a full-scale critique of recent speeches by the Trade Secretary Mr. Edmund Dell, whom he labelled a "wistful mercantilist," Dr. Lal has attacked the politicisation of international trading relationships.

The critique is carried in the quarterly journal of the Trade Policy Research Centre, an independent research institution.

Dr. Lal says it is an illusion to think that if the current functioning of the labour market in the U.K. is accepted as inevitable there are many other instruments of policy available to Government, such as intervention in foreign trade, which will ease the constraints under which the economy operated.

The problems of the labour market need to be tackled at their source. If that is not possible, various other domestic tax-subsidy instruments are likely to yield higher levels of economic welfare than intervention in foreign trade.

"To believe that the latter (in the form of general or selective import controls) or, more generally, a recovery in world demand can solve these problems is a dangerous self-deception," Dr. Lal argues.

He claims that the trading system of Mr. Dell, with its Protectionist blocs, where market access for imports is considered a "privilege" and where trading relationships are "a question of power and goodwill" reduce total welfare and are unjust.

In spite of Mr. Dell's assertions, says Dr. Lal, "there is no argument in theory or practice that international trade is a zero-sum game."

Regarding the terms-of-trade arguments that Mr. Dell uses in part to support his case for mercantilism, Dr. Lal argues that if, through exercising its monopoly power in foreign trade, a country can capture for itself a larger share of the cosmopolitan gains from international trade, it would be better off.

But if the desire to improve the therms of trade leads to retaliation "it is by no means certain that the UK or the EEC would be better off at the end of that road than in the currently more open system, or in one in which there was genuinely free trade."

Dr. Lal also attacks selective controls. These "would be equivalent to a tax on all the efficient producers in the country (as well as consumer of protected products) to finance a subsidy to inefficient producers. All this would make the long-run structural adjustments necessary to take account of the country's changing and emerging comparative advantage virtually impossible."

The World Economy June journal of the Trade Policy Research Centre, 1, Gough Square, EC4.

French win $30m Aqaba contract

By Rami G. Khouri

AMMAN, June 5.

SPIE BATIGNOLLES of France has won a $30m contract to oversee design, construction supervision, training, procurement of materials and operational tests for the chemical fertiliser plant being built at Jordan's southern port of Aqaba.

As general contractor, Spie Batignolles will supervise all work on the three main units of the project, which will produce phosphoric acid, sulphuric acid and monoammonium and diammonium phosphatic fertiliser.

When it comes on stream by early 1981 the total cost of the project, which is Jordan's second largest industrial scheme and a pillar of its plans to exploit its mineral resources for export purposes, is $325m.

The West German Zublin group was recently awarded a $36m contract by the Jordanian National Engineering and Contracting Company to undertake all civil works for the three production units, and for Zublin alone to build a jetty.

The general manager of the Jordan Fertiliser Industry Company, Dr. Mahmud Mardi, told the Financial Times that his company is studying the pre-qualification bids of many "marketing organisations" and aims to narrow the list down to five or six, who will be asked to submit definite offers soon. He confirmed that several British companies were among those which have submitted prequalification documents.

Bulk ship cartels plan gains support

BY IAN HARGREAVES

PIRAEUS, June 5.

STRONG SUPPORT for the formation of international marketing cartels to improve freight rates in the oil tanker and dry boat shipping markets came today from Mr. Antony Chandris, president of the Union of Greek Ship Owners.

Mr. Chandris, speaking at the opening of the Posidonia Shipping Exhibition here said that for Greek owners the choice lay between supporting the proposed schemes for remedying the chronic over capacity in these markets and seeing the prospects for market equilibrium drift even farther away.

Firm meetings are planned this week for the development of both these plans, called International Tanker Services and Intercargo, which will deal with dry boat business.

Mr. Chandris disclosed that some Greek tanker owners were now definitely in favour of ITS and will meet Scandinavian and Japanese owners on Friday Morning for what will be critical negotiations.

The Scandinavians, who first floated the tanker pooling plan more than six months ago, are hopeful that they will be able to make an announcement at Friday afternoon's Posidonia forum.

The plan cannot succeed without support from the big Greek tanker owners, notably the Livarnos, Onassis and Niarchos groups. The scheme already has support from owners of 30m deadweight tonnes of tankers—about three-quarters of the amount needed for the scheme to be activated.

No official comment is available from the Greek owners who are, as ever, playing a cautious game over anything involving disclosure of their business intentions.

They, like the Japanese, are worried about possible violation of U.S. anti-trust law and they doubt whether the oil companies will permit owners to hoist rates and so, albeit marginally, increase the price of crude oil.

The Scandinavians' declared objective is to have International Tanker Services incorporated by the end of July. Its effect would be limited to crude carriers over 200,000dwt and its goal would be to push spot charter rates for such vessels trading from the Gulf from the present worldscale 18 to 19 to WS 26-30.

Intercargo, a similar scheme involving planned lay up and controlled supply to the market for bulk carriers, was designed by Mr. Chandris and he will argue its merits to ten national shipowner associations at a meeting on Thursday.

Shipowners, he said, were now squarely behind the Greek Government's negotiations towards EEC membership. They would take into the community the largest merchant marine in the Common Market as Greece's fleet had recently overtaken in size that of Britain.

Record steel imports

BY DAVID LASCELLES

NEW YORK, June 5.

U.S. STEEL imports soared to a record 2.2m tons in April, bringing total imports so far this year to 7.9m tons compared with 4.4m tons in the same period last year. The special reason for this surge was the rush to beat the trigger price mechanism introduced in February to keep out cheaply-priced steel. There is normally a three months delay between order and delivery of steel.

But though imports are now expected to decline sharply, the U.S. steel industry is concerned that the high level so far will affect the market for some months to come, despite the growth in demand for the metal.

Meanwhile, the Treasury is to extend for three months its investigation of steel dumping by producers in six European countries. The allegations were originally made by National Steel which claimed that cold rolled and galvanized sheet was being imported at less than production cost from Belgium, the Netherlands, West Germany, Italy, France and Britain. National later changed its contention to a claim that this steel was being sold below U.S. market prices.

EEC urged to call for lower clothing tariffs

BY RHYS DAVID, TEXTILES CORRESPONDENT

EUROPE'S CLOTHING industry is pressing the EEC to insist on parallel concessions by the U.S. before agreeing to any reduction in clothing tariffs at the GATT multi-lateral trade negotiations.

The U.S., which operates much higher tariffs than the EEC, has already been urged by the Secretary for Trade, Mr. Edmund Dell, to improve its current offer, but indications are that American manufacturers will resist strongly.

The renewed European call for reciprocity by both the U.S. and Japanese, which have also put in what is regarded as an unsatisfactory offer, was delivered at a meeting between EEC members of the European Clothing Industry Association (AEIH) and Vicomte Etienne Davignon, the European Commissioner for Industry.

During the discussions which took place at the Association's congress in Amsterdam, agreement was also reached on the establishment of a joint European Commission/AEIH working party. This will have the task of preparing proposals on international and European trading policies as they affect clothing.

At another textiles conference—the International Wool Textile Organisation's annual meeting in Munich—Mr. Michael Roberts, the president, warned of the growth of over-capacity in wool textile production around the world.

Mr. Roberts said a number of grower and user countries had adopted the policy of promoting and encouraging the creation of additional capacity in areas of the world which did not possess raw wool as a raw material and which were geographically unsuited to consumption of textile products manufactured from wool.

"The end result of such operations must surely be a considerable weakening of the wool textile industry in countries where it is already established and, thus, a failure to generate additional demand for raw wool," he warned.

It was also a matter of concern, he said, that raw wool availability was continuing to decline, especially in Australia, where flock numbers had now reached their lowest point for many years.

The problem was linked to the apparent paradox that while in the consuming countries there was a trend towards natural fibres, this had not been reflected in increased profitability by the industry or by growers. A drag on prices available for wool was still being presented by the massive over-capacity which existed in the synthetic fibres.

Foreign interest focused on Pakistan free zones

BY IQBAL MIRZA

KARACHI, June 5

ABOUT 40 CONCERNS, including entrepreneurs from Pakistan, West Germany, Japan, Norway, France, Belgium, Saudi Arabia and Dubai have expressed a desire to establish industries in the proposed free industrial area in Karachi. Officials estimate that even if half those investors set up ventures, their first year's investment alone would amount to nearly Rupees 1bn (£54m).

Norway has shown interest in setting up port equipment including ship-breaking machinery, West Germany agricultural products, Japan electronic equipment, Belgium glassware and France plastic goods.

The Pakistan Government proposes to set up two free industrial zones, one in Karachi, one at Lahore. Legislation is complete and an authority to administer the area has been established.

The Government intends to sponsor four types of investment: fully foreign-owned, majority foreign-owned, fully nationally owned with foreign participation in technology, etc., and majority nationally owned.

Only export industries will be permitted. Preference will be given to industries based on raw materials from Pakistan or which are labour-intensive. Those include electronics, light engineering, jewellery, marble cutting, furniture, hospital equipment, garments, electric bulbs, ship-breaking, tyres, shoes, lubricating and agricultural industries.

The Government is considering exemption from customs duty and sales tax; absence of import control restrictions where there is no foreign exchange liability to the Government; and for goods to be exported directly from the zone. Added incentives for industries developing local raw materials for use in industry would include financial assistance in equity capital or loans, and low rentals for the first 10 industries in Karachi and Lahore.

Thai pilot project

BY RICHARD NATIONS

BANGKOK, June 5.

AS PART of a long-term programme to promote export industries, Thailand is organising a free trade zone 35 miles from its Bangkok port, Klong Toy.

Three Thai companies have submitted applications covering a third of the 70-odd-acre estate.

Infrastructure for the Export Processing Zone (EPZ) is expected to be complete within 18 months. The incentives projected, pending amendments to existing laws, include complete exemption from export taxes, full repatriation of profit and capital, exemption from import and business taxes on new plant, equipment and raw materials, and easier residence procedures for foreign personnel.

These represent a considerable improvement on the Board of Investments' normal incentives for industrial projects, and resemble those offered in free trade zones in Taiwan and the Philippines.

Although Thailand's first EPZ is small by regional standards, it is considered a pilot project to be reproduced, if successful, near the new deep-water port, Laem Chabang, 135 miles south-east of Bangkok on the Gulf of Siam. The $1bn Laem Chabang project was approved finally by the Government this year and is expected to be completed in 1981-82.

The World Bank, which helped to plan Thailand's first free trade zone with a loan of Bhat 95m, estimates that goods produced from the EPZ and the surrounding 400-acre domestic industrial estate should be worth about $200m. annually.

The companies which have applied for space in the EPZ include one of Thailand's main textile exporters, the Saha-Union Corporation.

Month to wait for Grays' investors

BY MICHAEL CASSELL

INVESTORS with Grays Building Society, which closed its doors at Easter after the death of its chairman and the disclosure of deficiencies of about £7m will have to wait one more month before they can draw their money.

Their accounts have been attracting interest while they have been frozen—investors had not previously been able to confirm this.

Borrowers from Grays can expect their mortgage rate to fall ½ per cent. to bring it into line with the rate charged by the Woolwich Building Society, which is expected to take over the Grays at the end of this month.

Mr. W. H. Bate, the society's new chairman, said that an application for the transfer of engagements to the Woolwich was due to be heard on June 28, two days after members meet to approve the move. When the transfer had been registered each investor would be sent a passbook for deposits and withdrawals.

Mr. Bate said the compensation fund set up by the building societies to cover Grays losses would provide the money to ensure accounts were credited with interest by the Woolwich on the next interest date after the transfer.

Overstated

The shareholdings of Grays directors would not, however, be reimbursed from the compensation fund "or from any other source." This will leave their own investments in the society reduced by more than half.

Grays' accounts were published yesterday. They said that investigations indicated net assets at December 31, 1976, were overstated by £6.37m. In addition, Grays had not received the benefit of £69,677 in mortgages redeemed last year and the sum was written off as irrecoverable. The directors were also aware of a further five cases in the first quarter of this year, totalling £16,225, for which no provision had been made in the accounts. "Further material income tax liabilities" might also exist.

The auditors, Appleby English, said in the report to members the society failed to keep proper books of account and also failed to maintain a satisfactory system of control over its transactions and records. It had not maintained a system to ensure the safe custody of all documents of title belonging to the society and of deeds relating to mortgaged property.

Scandinavian joint ferry service opens

By Our Own Correspondent

THE OPENING of a new ferry service between the Tyne and Scandinavia by DFDS Danish Seaways yesterday could be the start of a new era of co-operation between rival shipowners.

At an inaugural lunch aboard the DFDS A/S ship, Winston Churchill, Mr. Eric Heirung, the company's president, said that instead of fighting his company, Tor Line of Sweden had agreed to a joint service.

The Winston Churchill will sail on the joint service with Tor Line twice a week to Gothenberg and once a week to Esberg, in addition to DFDS's ferry, the England, which already operates a twice-weekly service from the Tyne to the Danish port.

Between July 3 and August 2 there will be three sailings a week to Gothenberg from the Tyne and three to Esberg.

Aluminium plant future depends on Government

BY ROBIN REEVES, WELSH CORRESPONDENT

NEGOTIATIONS WHICH could result in Anglesey Aluminium doubling the capacity of its Holyhead smelter are reaching a decisive stage. The company—one-third owned by Rio Tinto-Zinc and two-thirds by Kaiser Aluminium, of California—proposes expanding output from 100,000 to 200,000 tonnes a year to meet an anticipated world shortage of aluminium in early 1980s.

Yet the final go-ahead for the investment hinges largely on Government sanction for a special cut-price electricity supply to the plant.

Aluminium smelting is a notoriously power-thirsty industry, with electricity accounting for 90 per cent of the cost of the finished ingots.

Talks between Anglesey Aluminium, the Central Electricity Generating Board, the Department of Industry and the Welsh Office have now reached the stage where the issue is likely to be referred soon to the Cabinet for a final decision.

The Government is worried that provision of exceptionally cheap electricity for aluminium smelting could unleash claims for equal treatment from other heavy power-using industries, such as chemicals.

Britain's two other aluminium smelters—Alcan with a smelter at Lynemouth, Northumberland, and British Aluminium at Invergordon, Scotland, have also indicated an interest in expanding output should cheaper power be available.

Although nobody is saying so, it is conceivable, too, that a special power deal for aluminium could be viewed in Brussels as infringement of EEC competition rules.

The aluminium companies claim, however, that they are presently paying a higher unit price for their electricity in the UK than elsewhere in Europe. The implication is that the investment could go elsewhere, unless Cabinet approval for a special deal is forthcoming.

This is not the first time the Government has had to intervene in negotiations between the aluminium industry and the electricity authorities. The 1964-70 Wilson Administration sanctioned a special price to persuade the producers to build smelters in the UK in the first place.

Expansion of Anglesey Aluminium would make the UK virtually self-sufficient in aluminium. Consumption presently amounts to 550,000-600,000 tonnes a year, of which 100,000-150,000 tonnes is imported.

Ashley Ashwood

THE PALACE of Westminster shows the first signs of a cleaning operation, as seen from Westminster Bridge. But it is only a test to give MPs an idea of the effect and possible disruption to Parliamentary work. The £3.5m facelift proposals have met Parliamentary criticism, and in March the Commons Services Committee called for a cleaning test.

Young jobless warning

POLITICAL LEADERS were warned by a trade union leader yesterday that young people will revolt against being unable to find jobs by turning to extreme politics.

"They will not docilely accept these conditions as did my generation." Mr. Harold Gibson, general president, told the annual conference of the National Union of Hosiery and Knitwear Workers in Edinburgh.

"Unless something is done to change the state of unemployment, young people will turn to the extremities of politics—the far right and the far left."

Mr. Gibson described the "unacceptably high level" of unemployment as "the scourge of society." Young people were seeing their future, not in any industry and commerce, but attending job centres looking for work. "They will not continue to accept this position. They feel, quite rightly, that they are entitled to employment."

Mr. Gibson said that the unions must maintain pressure on the Government for action on unemployment

Schools voucher plan 'not the best'

By Michael Dixon, Education Correspondent

MOVES TO increase parents' choice by giving them vouchers to "cash" at the schools they prefer were hampered yesterday by the report on a two-year study by Kent County Council in the Ashford area.

Almost half the teachers questioned said they would refuse to teach under voucher schemes, as advised by the two main unions.

The schemes have been strongly advocated by Dr. Rhodes Boyson, an official Conservative spokesman on education.

The study concluded that vouchers would not necessarily be "the most satisfactory means" of improving parental choice

Decisive

The decisive factor would be "the availability of surplus capacity in the schools," whether vouchers were adopted or not.

The Conservatives still insisted, however, that local authorities should be free to carry out practical experiments.

The surveys showed that six in every 10 parents wanted more influence over their children's schooling. The majority said they would use a voucher to transfer a child if the present school's educational standards seemed to be falling, or its discipline were weakening.

Costly

But only one in every 10 was dissatisfied enough to want to make an immediate change.

The study also found that voucher schemes would be very hard to administer effectively. They would increase costs in the Ashford area alone by between £100,000 and £1.3m a year, depending on whether the scheme was confined to the State sector or extended to include independent schools.

Of the parents with children at State schools, 9 per cent said they would change to independent schooling if the voucher could be offset against the fees.

Education Vouchers in Kent: Country education officer, Maidstone; full report £7.20, main findings £1.25.

Yorkshire buyer to revive Mull malt

By Kenneth Gooding

A WEST Yorkshire businessman, Mr. Stewart Jowett, has bought the malt whisky distillery on the Island of Mull. It will come into production again in September.

The distillery, called Ledaig but to be renamed Tobermory, has had a chequered life. It was built in 1823 but closed for the first time in 1923 by the Distillers Company.

In 1972, a consortium including the Domecq sherry group and the Liverpool-based Larrinaga Steamship Company, started distilling again and added two new stills.

Much of the malt whisky produced went to Chivas, the Canadian Seagram Group offshoot which makes the Chivas Regal brand. That contract was ended in 1973.

In January 1974, Ledaig went into the hands of a receiver and he has now sold it to Mr. Jowett's Kirkleavington Property Company of Cleckheaton.

The consortium spent £350,000 adapting the distillery and at its production peak it employed nine people and had a capacity of about 600,000 gallons a year. Some financial assistance was given by the Highland and Islands Development Board. The price now paid for Ledaig has not been disclosed

Mr. Jowett said last night that he hoped to "start distilling in a small way" in September.

NEWS ANALYSIS—NATIONAL SAVINGS

Institutional investors take advice to leave NSB

BY ADRIENNE GLEESON

ONE unexpected result of the recent rise in interest rates has been a very strong recommendation from stockbrokers Joseph Sebag that those with large sums deposited in National Savings Bank investment accounts should prepare to withdraw their money.

Sebag has not been alone in taking this view, though its exhortations have been more vigorous than most.

The results appear to have been dramatic. By the close of business on Friday afternoon, two days after the end of the calendar month, on which interest is calculated, the Department for National Savings had received notice of the withdrawal of £180m at the beginning of July.

The brokers say that the National Savings Bank's investment accounts have provided an excellent home for the past year for institutional money deposited before the £50,000 limit on individual holdings was introduced last July—to deter just such investors.

But they now argue that the rise in money market rates in the past few weeks means that there are now more attractive homes elsewhere for such money—notably one-month interbank deposits and one month sterling certificates of deposit.

Precedent

To the extent that interest rates *continue to rise—and the* brokers expect that to happen—the argument is strengthened.

If precedent is any guide, a corresponding rise in the rate on the National Savings Bank's investment accounts will be slow enough in coming through for a sizeable gap to develop.

It was the development of just such a sizeable gap in the opposite direction which brought the institutions into the National Savings Bank in the first place.

From January to October last year, while money market rates fell hand over fist, the rate on the National Savings Bank investment account was static at 10 per cent, and, from April, that was better than anything that could be obtained in one-month funds in the money markets.

Wholesale

As the gap developed to 2½ points by May—the institutions, encouraged by their brokers, began to pour their liquid funds into the NSB—traditionally a "people's bank," rather than a home for wholesale funds.

By July, the Department for National Savings was sufficiently alarmed at the size of the inflow to introduce its £50,000 limit to deter the institutional investor.

Reaction

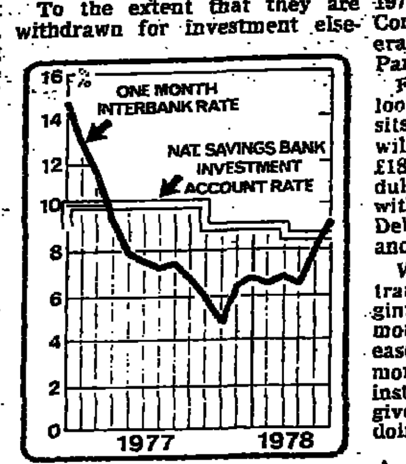
The fact remains that despite some withdrawals since, the Department itself reckons that some £400m of the £1.60m now invested through the National Savings Bank's investment accounts is institutional money.

This is the money which City stockbrokers are saying ought to be withdrawn.

The Department for National Savings, and the Commissioners for the National Debt (who manage investment of the National Savings Bank's deposits), have taken the news that there are to be substantial withdrawals philosophically but it cannot be welcome to their masters in the Treasury.

The money invested through National Savings goes, more or less directly, to finance the Government's borrowing requirement. Funds deposited with the National Savings Bank are deployed by the National Debt Office in the purchase of gilts, Treasury Bills, and local authority securities, or placed on short-term deposit with the local authorities.

To the extent that they are withdrawn for investment else-



where, the Government will have to sell more gilts or find other means of financing the borrowing requirement. Neither course looks promising at the moment.

Bearish

But if there are some bearish implications in this situation for gilts, they are not necessarily quite as bearish as the stockbrokers maintain.

Both the Department for National Savings and its investment managers at the National Debt Office maintain that their investment policy over the past year has been conducted in the knowledge that the funds which flooded in during the period from May to July 1977 might just as rapidly flood out—other words, that the level liquidity has been maintained a very much higher level th would otherwise have been case.

To judge the extent of caution, the City will have await publication of the NS 1977 accounts, now with Comptroller and Auditor-G eral, and due to be laid befo Parliament in July.

For the moment, however, looks as though short-term de sits and maturing Treasury b will be sufficient to meet £180m. of withdrawals now sc duled for the beginning of Ju without forcing the Natio Debt Office into substantia and costly—sales of gilts.

Whether a further substant tranche of withdrawals at the ginning of the following calen month can be met with simi ease—should another rise money market rates tempt the institutions which have not given notice of withdrawal in doing so—remains to be seen.

Assumption

However, it is a reasonab assumption that the effects the gilt-edged market will not dramatic unless 1m private i dividuals who hold investme accounts decide on a simil policy of withdrawal.

The Department for Nation Savings ought not to be able assume that that will not happe But it can. Apathy and the t incentives peculiar to this for of investment make that certai

As it is, some of the buildin societies now withdrawing whol sale funds from the National Sa ings Bank have noticed that the own depositors are making wit drawals in turn—to put th money into National Saving Certificates.

Leyland's share of market up slightly in May

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND'S market share recovered slightly last month from the disastrous 17 per cent in April—but, at only a little over 21 per cent, it was still much lower than the target of 27 per cent set by executives earlier in the year.

According to preliminary figures, the State-owned company once again has been pushed firmly into second place in the market by Ford, which captured 22.5 per cent. Imports also did well, with a little over 48 per cent.

The figures indicate that Leyland is still having to struggle hard to sell now that dealers are no longer being buoyed up by the large Superdeal promotional effort. The company is reckoned by its competitors to have reasonable stocks of most of its leading car lines, except the Mini.

During the last month there is also evidence that Japanese importers have been exercising some self-restraint, although this does not appear to have helped Leyland.

The Japanese share of the market in May came to about 10.5 per cent against 11.3 per cent in April. The share of Datsun, which is the leading Japanese importer, and which had 8.7 per cent in January, went down to 5.8 per cent.

Japanese car shipments also are beginning to decline at present, so that later in the year it is likely that sales will fall even further.

But the Datsun dealership organisation is refusing to accept this position without a fight. It is aiming to present Mr. Edmund Dell, Trade Secretary, with a petition against Restrictions on shipments, which were agreed two months ago between the British and Japanese Governments. After that, it is planning a strong delegation to Tokyo to present a similar argument to the Japanese Ministry of International Trade and Industry.

Top distributor to add Vauxhall/Bedford sales

WADHAM STRINGER, one of British Leyland's largest distributors, has decided to take on a Vauxhall/Bedford main dealership to add to the recent acquisition of a Ford franchise in Liverpool.

The move comes in a year when Mr. Michael Stringer, managing director, is also chairman of the Leyland Distributors' Council.

It follows a recent change of policy at British Leyland allowing its distributors to take on franchises with other manufacturers—a move which the dealers have sought because of the recent problems faced by the company.

Wadham Stringer's acquisition is also significant because it takes the company, which is mainly southern-based, into the west country at Worcester.

This suggests that it will aim to develop its Vauxhall and Ford businesses in these territories, rather than British Leyland, which still prevents its dealers from establishing alternative businesses too close to existing Leyland outlets.

The company is also aiming to develop its commercial vehicle interests, which will be helped by the Bedford franchise, to give it less of a bias towards car dealing. Cars at present account for about 80 per cent. of its sales.

Other Leyland dealers, such as Appleyards and Caffyns, have also moved into alternative franchises recently.

Green Shield in store discount offer

By Our Consumer Affairs Correspondent

INTERNATIONAL STORES an the Green Shield trading stam company are to launch a secon "Super Discount" campaig Under the scheme customer can redeem stamps for goods a exceptionally low prices.

Anybody who has collecte enough stamps to fill a "Supe Discount" booklet by spendin around £8 will be able to cas it in at International for a rang of goods costing 20p. Thus, customers will have to lay ou only 1p for products such as PG Tips tea and bread which norm ally sell at 21p.

Nile victory mug sells for £7,000

ONE OF the celebrated Derby Victory of the Nile mugs, inscribed Rear Admiral Lord Nelson of the Nile, with the reverse showing a picture of the British Fleet offshore and inscribed Victory of the Nile, August 1, 1798, set an auction record when it was sold at Christie's yesterday for £7,000.

It was bought by the London dealer, Winifred Williams, in a

SALEROOM

BY ANTONY THORNCROFT

sale of English porcelain which realised £112,075.

The same dealer paid £6,500, and set another record, for a rare white Derby Chinoiserie group of Sight, from a set of the Senses modelled by Andrew Planche, depicting a Chinaman and companion in flowing robes with long sleeves, both seated on an oval rockwork base.

A coloured example of the same work last sold at Christie's in December, 1976, at £3,800.

Christie's said later that it had also been active on behalf of East London's Passmore Edwards Museum. It paid £4,200 for a rare Bow group of Scaramouche and Columbine, from the Italian comedy, after the Meissen original by J. J. Kandler.

The museum concentrates on Bow wares which were discovered on the site of the Bow factory nearby.

Other institutional purchases included the £2,500 paid by the Derby Museum for an early Derby Chinoiserie Group modelled by Andrew Planche, and the £1,600 paid by the Ulster Museum in Northern Ireland for a Worcester sable-decorated lobed circular dish painted by Jeffryes Hamett O'Neale.

In part dinner and dessert services, a Worcester Flight Barr and Barr service painted in an Imari palette with an oriental figure with a parasol outside a pagoda in a wooded garden realised £4,500. It was bought anonymously.

Chairs were in demand at a Phillips furniture sale, which totalled £34,169. A set of 12 William IV carved mahogany dining-chairs sold to Bishop for £2,200 and eight carved mahogany dining-chairs in Georgian style went to Gordon for £1,250 (estimate £1,000).

A Phillips print sale totalled £11,400 and water-colours £9,230.

National Gallery move to save Canalettos

THE National Gallery yesterday stepped in to help stop the export of two major art works—and criticises the Government for forcing it to use a "begging bowl." The unprecedented move follows desperate attempts by the Birmingham City Museums and Art Gallery to keep two Canaletto originals in Britain.

Never before has the National Gallery launched an appeal on behalf of a regional gallery. The works, both views of Warwick Castle, were sold last year for £550,000 by Lord Brooke, son and heir of the seventh Earl of Warwick, to American collector Mr. Paul Mellon.

The museum managed to raise £275,000, including a £137,000 Government grant via the Victoria and Albert Local Purchase Fund, to save one, and has so far raised £197,000 towards saving the other. Now, with the deadline for export due on July 11, the National Gallery has helped the public appeal to raise the remaining £77,500.

Both works, described by Professor John Hale, of the gallery's Board of trustees, as "remarkably attractive paintings," were done by the Venetian artist during a visit to England in the 18th century.

They went on display at the National Gallery yesterday in the hope that their exhibition would prompt visitors to pop a few coins in a large, antique wooden chest in front of the pictures during the next month.

Prof. Hale, praising the efforts of Mr. Dennis Farr, director of the Birmigham City museums and art gallery, said: "If everybody who comes to see the pictures put just 25p in the chest, we should reach the target.

"But this is not to say that the trustees endorse a policy towards the British heritage of works of art that is so niggling that it has forced one of the world's greatest painters to hand out a begging bowl."

Two other Canalettos of the Castle will not stay in Britain. One has also gone to America and another will go the a Swiss collector in July.

هكذا من الأصل

'MILTON WHO?'

'The place is called Milton Keynes, Harry.'

'Sounds good. You think we should put the U.K. Operation there, right? Why?'

'Well for a start, we can move into the new factory just a month from today.'

'That's fast'.

'There are places all ready and waiting from 1,500 square feet...'

'Bit small?'

'...to 100,000 square feet. And there are some very nice sites available to build on'.

'You on commission?'

'Then there's communications. It's right on the M1, and the A5 goes right through the place, so does the main rail link from London...'

'Hey, slow down, what's all this afive?'

'The M1 is the main motorway from London to Birmingham, the A5 is the...'

'Yeh okay. Highways, highways'.

'There's no problem with housing the staff. And I don't think we'll have anything but compliments about the place. It's got good shopping, lots of schools, plenty of wide open spaces, lots of good pubs. It's just a few miles outside London. And Oxford, Stratford, Cambridge are all easy drives.'

'Yeh. Fine, fine.'

'And it's the perfect base for serving Northern Europe. Apparently that's one of the reasons why Rank Xerox moved in.'

'Americans there already?'

'Oh yes, Coca-Cola, Nacanco, Hammond Organs, Reads, Allen-Bradley, Redken Laboratories, Southland Corporation'.

'Great. I'm sold.'

MILTON KEYNES

FOR FURTHER INFORMATION CONTACT: DIRECTOR OF COMMERCE, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER, MILTON KEYNES MK17 8LX. TEL: MILTON KEYNES (0908) 74000.

Pay curb impact on staff 'limited'

BY JAMES McDONALD

NEARLY 60 per cent of British engineering companies believe that wage restraint and its erosion of pay differentials has not brought them "significant" problems in retaining skilled staff.

But over 40 per cent of 103 engineering companies surveyed last month by Manpower, the international work contractors, claimed that skilled workers were changing jobs more often as a result of Phase Three wage restraint.

More disturbing, the survey adds, was that highly skilled staff were not only leaving to improve their income but often to take up work in other fields.

Flexible

Only 57 per cent. of the companies questioned favoured a return to free collective bargaining in August. The remainder believe that a Phase Four pay policy should be introduced, with 75 per cent. of this total saying that the policy should be compulsory.

Most of this large minority of engineering companies would want the pay rise limit retained at 10 per cent., although a few of them would prefer to see the limit dropped to 5 per cent.

The statutory policy should be more flexible within these limits, said the companies in favour of a Phase Four.

Smaller companies in particular asked for more flexibility to restore differentials. Larger ones with over 1,000 employees preferred a great flexibility in terms of companies' payroll, with most of them seeking more flexibility within a pay limit linked to productivity.

Fuller to boost brewery with £3m expansion

BY KENNETH GOODING

THE BREWING GROUP, Fuller Smith and Turner, which has benefited from the revival of interest in traditional beers, is to spend £3m. on the second stage of developing its Griffin Brewery at Chiswick, West London.

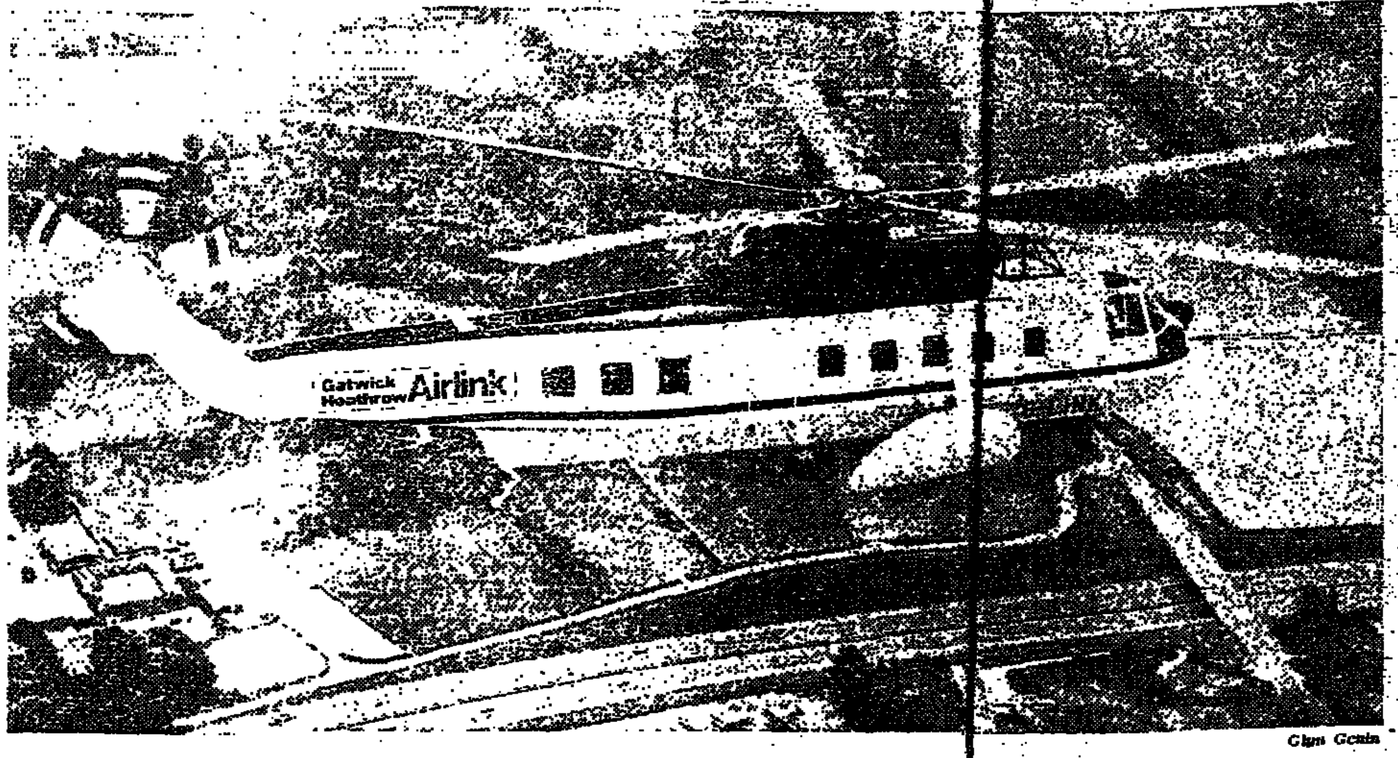
To help finance the project the group, a public but unquoted concern with about 150 pubs and off-licences, last April issued to Eagle Star Insurance a £750,000, 20-year debenture carrying 13½ per cent interest.

Fuller has already spent £1m on the initial expansion of the brewery and by the time the second stage is completed in three years, capacity will have been raised by 50 per cent. from 576,000 pints to 874,000 pints a week.

This would give Fuller spare capacity for the first time since 1975 when demand started rising for its beers—including London Price and Extra Special Bitter, one of the strongest in the country.

The main contractor for the second-stage development is Robert Morton DG, the Lindustries subsidiary which is the only significant all-British manufacturer and supplier of brewery equipment.

Mr. Noel Chambers, Fuller's finance director, said yesterday that his company, which is determined to remain independent of the major groups, expected to be able to meet the rest of the £3m cost from cash flow and, possibly, the sale of some properties subject to compulsory purchase orders.



Glyn Genin

The Gatwick-Heathrow airports helicopter link starts on Friday, when the Prince of Wales flies on the first service, after inaugurating a £100m modernisation programme at Gatwick. The helicopter service will provide rapid communications between the two airports and there will be 10 services each way daily, taking 15 minutes between the two airports. The single fare will be £12. British Air ports Authority has bought the single S-61N 26-seat helicopter for this service with the aim of encouraging more passengers to use Gatwick. British Caledonian will be providing ground handling and cabin crews, while British Airways Helicopters will provide flight crews. British Airports Authority hopes that the helicopter link will encourage more airlines to move to Gatwick, where the modernisation just completed has raised traffic capacity from 6m to 16m passengers a year.

Government aid sought for gambling council

BY CHRISTOPHER DUNN

THE Government has been asked to help finance a National Council on Gambling to replace the 46-year-old Churches' Council on Gambling to be dissolved in August.

The Churches Council, which helped to form Gamblers' Anonymous 14 years ago, was closing because of cash shortages, the Rev. Gordon Moody, retiring general secretary, said in London yesterday.

The Home Office voluntary services unit had been asked to give up to £6,000 a year, or a third of the annual running costs of the new National Council. It would research gambling and act as a pressure group like the Churches' Council.

The Home Office had deferred any decision until after publication next month of the Royal Commission's report on gambling.

The Joseph Rowntree Charitable Trust, which already contributes to the Churches' Council, has promised to pay £6,000 a year for the first three years.

Midlands call for flexible pay policy

A STAGE FOUR incomes policy should contain a flexible element on top of a restricted basic entitlement. This view is being pressed on Mr. Denis Healey, the Chancellor, by Birmingham Chamber of Industry.

"We must now move away from rigid entitlements to a system that will re-introduce the financial incentive to accept greater responsibilities," Sir Robert Booth, president of the chamber, said.

Proposals for a two-tier system are made in the light of pressures caused by previous flat-rate increases.

Private house builders use 70% of planning permits

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

ABOUT 70 per cent of the sites in England which had planning permission for private housing development in 1975 had been started or completed by last year, according to a report published yesterday.

The report, prepared for the Department of the Environment and the Housing Research Foundation, traces the progress of 1,000 individual development sites included in a count of planning permissions made by local authorities in 1975.

It was based on a study which was undertaken last year to test the extent to which the number of outstanding residential permissions is a reliable indicator of land available for development. It concluded that 7 per cent of sites covered by the report had been completed. Another 62 per cent had been started but not finished.

The two main reasons which landowners gave for failure to implement planning permissions were planning difficulties and a decline in the housing market.

Components

The Department said yesterday that the report showed how numbers of outstanding planning permissions could represent "a useful first approximation" of land available for development.

The House Builders Federation, which disagrees with the official assessment of housing land availability, said the report told little about the true land supply position.

The federation is conducting its own study of the land situation at the invitation of the Department, and hopes to report in the autumn. House builders have consistently said that the land supply situation is far more serious than officials have been prepared to accept and that the position is becoming worse.

"Land Availability: A study of land with residential planning permission," produced by the Economist Intelligence Unit, Room C14, DOE, 2, Marsham Street, S.W.1. £1.85.

Clash on plan to mine fluorspar

BY PAUL CHEESERIGHT

A CLASH between Dres[ser] Minerals International and [the] Peak District National Pa[rk] supported by environmen[tal] interests, is likely following [the] company's application to mi[ne] fluorspar at Conksbury La[ne,] Youlgreave.

Dresser officials will to[day] meet the Youlgreave Par[ish] Council to explain their p[ro]posals. Later this month, th[ere] will be a public meeting wh[ere] the views expressed are expec[ted] to influence the decision of [the] Park's Planning Board, wh[ich] could be made known in July.

If the planning board reje[cts] the application, Dresser w[ill] appeal to Mr. Peter Shore, Sec[re]tary for the Environment. [Mr.] Garry Thielen, Dresser's manag[er] in Derbyshire, explained that [the] company would be hurt if it [did] not have access to the fluorsp[ar] although it would not be put [out] of business.

A fairly large body of ore [is] involved, which, he said, could [be] mined quickly with relativ[ely] little development. If access w[as] denied, the company would l[ose] one-and-a-half years of prod[uc]tion.

The needs of the compa[ny] inevitably clash with the pr[in]ciple of keeping national par[ks] free of commercial developme[nt.] The great difficulty for the Pe[ak] District Park is that it contai[ns] about 80 per cent of the countr[y's] fluorspar reserves.

Dividend opinion

The UK is a net exporter [of] fluorspar, which is used as [a] fluxing base in metals, smelti[ng] and in aluminium processing.

In the past, local opinion [in] Youlgreave has been fair[ly] evenly divided, reflecting t[he] classic clash of interests betwe[en] the desire to see new emplo[y]ment opportunities and the p[re]servation of environment[al] amenities.

Dresser, a subsidiary of [a] Texas concern, took over [a] fluorspar mine and processi[ng] plant at Hopton, about six mil[es] from Youlgreave, earlier th[is] year and made an investment [of] about £4m. It now employs [] people and has been building [up] mill production over the pa[st] three weeks.

In March, it made clear that [it] would be seeking plannin[g] approval for exploration an[d] development work. The site it i[s] now seeking to mine embrace[s] land for which its predecesso[r,] C. Guilini (Derbyshire), ha[d] planning permission.

The National Park Plannin[g] Board is treating the applicatio[n] with some caution, having lo[st] its attempt to prevent Imperia[l] Chemical Industries starting [a] new limestone quarry nea[r] Buxton. It is particularly anxiou[s] about the restoration of lan[d] after the mining—both opencas[t] and underground—has finished.

There have been suggestion[s] that the Board will seek fro[m] Dresser a bond to cover restora[tion] later. But this is oppose[d] vigorously by the company. "Th[e] plan we presented involved ful[l] restoration of the site," Mr. Thielen declared.

Dollar plot jury 'can return separate verdicts'

FINANCIAL TIMES REPORTER

JUDGE BUZZARD QC took the rare course of advising the jury that they could return verdicts separately on each defendant when he began summing up in the dollar premium plot trial at the Old Bailey yesterday.

Defence counsel protested that to split them up in this way might lead to prejudicial or inconsistant verdicts. But the judge told the jury that it would be easier if they did it in the way he suggested.

Verdicts are expected this week on all five accused, including Mr. John Martin Wales, a suspended Bank of England official who has faced charges of plotting to obtain money dishonestly from authorised dealers in investment currency between 1975-76.

The judge reminded the jury that the Crown case was that if the scheme to evade foreign currency regulations had succeeded, it could have led to the UK's dollar premium reserves being depleted by £1m, but it was "nipped in the bud" before it was completed.

The defendants, who deny the charges, are Mr. Wales, 42, of Chislehurst; Mr. Adrian James, 32, solicitor; Mr. Leonard Ash, 39, panel beater; Mr. John Robson, 57, commodity trader; and Mr. Reginald Atkins, 50, company director.

A sixth defendant, Mr. Alfred Taylor, 62, died while the trial was on.

Royal Dockyards study

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE Ministry of Defence is studying the possibility of resuming construction of warships in its own Royal Dockyards as a means of keeping warship design and development skills intact.

The four Royal Dockyards (Devonport, Portsmouth, Chatham and Rosyth) work on repairs and refitting warships at present.

The last big ship to be built in one of the Royal Dockyards was the aircraft carrier Eagle, completed at Devonport in 1964. Since then both Devonport and Portsmouth have built several ships up to frigate size, the last of which was completed in 1970.

Resuming construction of warships would involve formidable problems, such as union reactions in British Shipbuilders' yards, and the need for substantial new investment in the Royal Dockyards.

Rolls-Royce buys RAF aircraft

Financial Times Reporter

ROLLS-ROYCE is buying seve[n] RAF surplus four-engined Belfast freighter aircraft. The price has not been disclosed.

The engine manufacturer wants the aircraft for their turbo-prop Tyne engines, together with a quantity of spares to meet a continual demand for these engines in other types of aircraft and for naval use. The airframes will be broken up and sold for scrap.

The Ministry of Defence has been trying to sell the Belfasts for two years. A number of independent airline operators were interested, including Transmeridian Air Cargo, Tradewinds, and IAS Cargo Airlines, either because of their Tyne engines or as flying freighters in their own right.

Ten Belfasts were built by Short Brothers and Harland of Belfast as long-range strategic heavy freighters for the RAF. With the shrinkage in the U.K.'s global role in defence, and the concentration on Europe and NATO, the Belfast became surplus to requirements.

Three Belfasts have already been sold, to a London-based organisation, Eurolatin, for use in cargo operations.

Security talks planned

FINANCIAL TIMES REPORTER

MR. MERLYN REES, the Home Secretary, is to publish a discussion document on whether or not private security companies should be more closely controlled.

Mr. Rees, speaking at the International Professional Security Association conference, in London, said the document would look at the arguments for and against increased control.

It would also consider some of the "important issues" that greater control of security organisations would raise—such as the disclosure by the police of information on individuals.

The document, which is to be published soon, follows the introduction of a private member's Bill into the Commons calling for the registration of private security companies.

Mr. Rees said there was evidence that security measures were a good investment which earned a rate of return at least comparable to those on other investments. He cited one company which had had its locks changed at a cost of £800 and had stopped losses of approximately £400 a week from sealed containers as a result.

HOME CONTRACTS

Hotpoint places £½m mobile radio order

AN ORDER worth over £500,000 has been placed with the mobile radio division of MARCONI COMMUNICATION SYSTEMS, a GEC-Marconi Electronics company, by Hotpoint, also a member of GEC. The contract, for a nationwide radio communication system, was won in open competitive tender and is believed to be one of the largest single commercial orders for mobile radio equipment ever placed in the UK. Nearly 900 service engineers will be linked by over 50 base stations to 41 depots via radios installed in their vehicles. The system is expected to handle up to 10,000 messages a day.

★

W. H. SMITH AND CO. (Whitchurch) last week won more than £1m-worth of orders for a total of 1,750 tonnes of steel. Largest is for supplying 450 tonnes of steel worth £330,000 to Kier for the new Ro-Ro terminal at Pembroke Dock

FT business diaries change

THE Financial Times has produced for 1979 new versions of its desk and pocket diaries, designed for the businessman and incorporating suggestions resulting from a survey of customers' opinions.

Among several features in the desk diary are: a detachable address and telephone section; a business vocabulary in English, French and German; a sources of information chapter covering 30 countries; a 48-page full-colour atlas; and information on travel—passports, visas, health and insurance.

هكذا من الأصل

هكذا من الأصل

When a company is as deeply embedded in British daily life as we are, and is going public, it seems proper that you should know more about us.

Look about you. Right now.

You are surrounded by aluminium. In all probability, metal of our manufacture.

From the foil cap on your *morning* pinta to the high-tensile extrusions and plate that form the frame of Concorde, Alcan aluminium is contributing to British life at all levels.

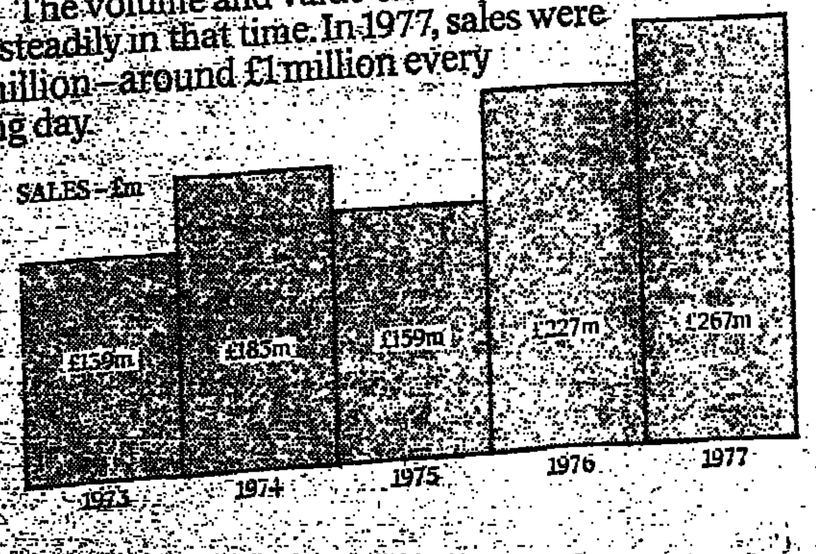
At work in Britain since 1909

Beginning as Northern Aluminium Company Limited, Alcan has been in Britain for 69 years.

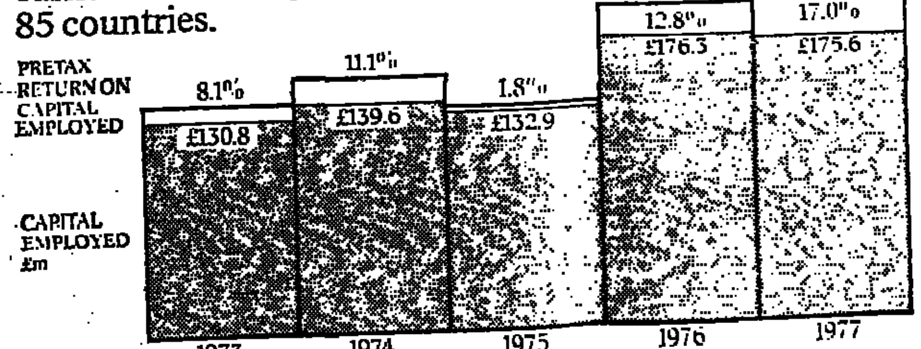
We now operate at 54 locations and employ more than 8000 people.

Alcan's smelter at Lynemouth (powered by its own coal-fired generators) produces 120,000 metric tonnes of primary aluminium ingot a year, one-third of the total UK production.

The volume and value of our production has grown steadily in that time. In 1977, sales were £267 million—around £1million every working day.



Of that, £64 million—almost a quarter—was earned overseas by production exported from the UK to 85 countries.

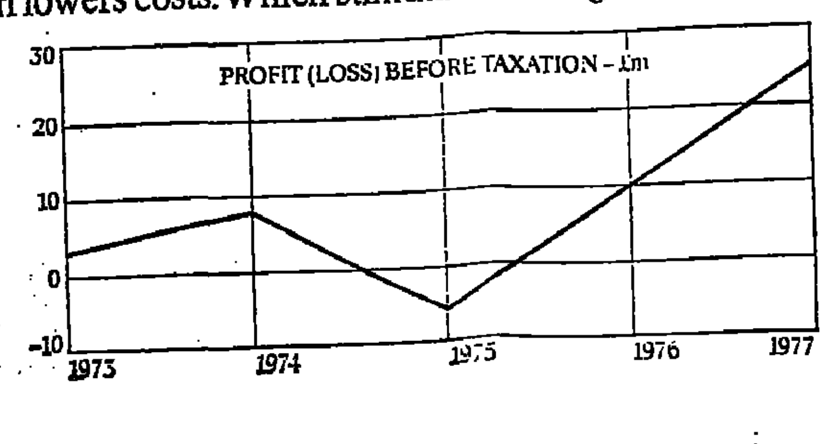


In the last ten years we have invested £120 million and plan to spend a further £24 million in 1978.

Where will Alcan be in 2009?

The future of the company is the future of the metal. And its derivatives.

And appears limitless. New uses, new applications, appear constantly. Increased demand increases production which lowers costs. Which stimulates more growth.



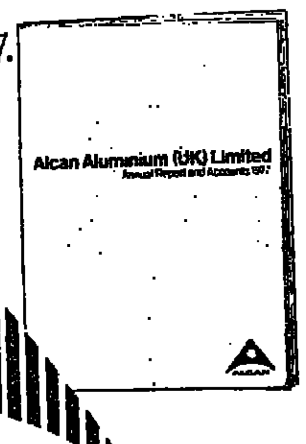
Alcan products and interests: the expected and the unexpected.

Aluminium ingots	Strip for bottle closures	Refrigerated containers
Extruded sections	Ventilators and louvres	Strip for lithographic printing
Household and catering foil	Concorde components	Yacht masts
Roofing and cladding	Bullet proof glass	Armour plate
Extrusions for tennis racquets	Foil for bottle and yoghurt tops	Foil dishes
Windows and double glazing	High pressure gas cylinders	Cable sheathing
Bonded panels	Wire for knitting needles	Van bodies
		Packaging laminates

—these and countless other activities spread Alcan's interests through the transport, electrical, construction, packaging, domestic appliance and other industries, a form of diversification which contributes to stable growth.

If you would care to know of these matters in greater detail, please send for a copy of our Annual Report and Accounts for 1977.

Write to the Corporate Relations Department, Alcan Aluminium (UK) Limited, Alcan House, 30 Berkeley Square, London W1X 6DP.



ALCAN

NOTICE OF REDEMPTION

To the Holders of

Continental Oil International Finance Corporation

9½% Guaranteed Debentures Due 1985 Issued under Indenture dated as of July 1, 1970

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, $3,750,000 principal amount of the above described Debentures have been selected for redemption on July 1, 1978, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

DEBENTURES OF $1.000 EACH

M-5	1056	2086	3028	4058	5019	6016	6976	7921	8969	9972	10959	11902	12847	13846	14929	15911	16994	17966	18995	20017	21115	22151	23127	24033
7	1078	2098	3029	4069	5020	6045	6993	7933	8974	9973	10965	11905	12854	13862	14938	15935	17020	17967	18996	20022	21121	22155	23128	24051
11	1085	2122	3038	4070	5039	6046	6926	7941	8976	9974	10974	11907	12860	13887	14941	15942	17022	17993	19005	20028	21129	22159	23129	24058
17	1089	2127	3040	4071	5042	6055	6997	7951	8979	9986	10981	11911	12877	13888	14949	15945	17027	17996	19015	20040	21154	22168	23131	24068
19	1092	2130	3042	4087	5044	6060	7000	7964	8987	9993	10987	11919	12887	13900	14963	15953	17031	17997	19017	20053	21160	22171	23135	24070
27	1093	2134	3048	4090	5055	6069	7008	7979	8989	9994	10989	11923	12904	13912	14980	15957	17047	18011	19023	20061	21161	22178	23136	24084
32	1100	2146	3059	4094	5059	6070	7021	7988	8993	10002	10993	11925	12921	13922	14993	15970	17051	18015	19033	20069	21183	22179	23149	24086
33	1107	2148	3068	4104	5066	6075	7027	8010	8996	10003	10999	11926	12922	13929	15005	15987	17057	18018	19035	20088	21174	22184	23151	24087
35	1115	2150	3080	4110	5069	6077	7033	8017	9002	10011	11002	11927	12923	13943	15012	15998	17058	18020	19039	20089	21190	22185	23156	24093
40	1116	2151	3084	4120	5075	6078	7041	8023	9014	10017	11005	11930	12930	13954	15019	16001	17059	18037	19055	20092	21196	22187	23163	24104
51	1117	2156	3085	4121	5095	6082	7050	8028	9017	10021	11011	11932	12933	13957	15029	16007	17064	18043	19067	20095	21197	22200	23167	24106
53	1119	2161	3094	4123	5098	6083	7076	8035	9032	10023	11013	11934	12944	13961	15032	16018	17075	18045	19070	20114	21206	22205	23171	24123
55	1132	2165	3095	4128	5113	6084	7083	8036	9025	10032	11033	11935	12969	13976	15035	16019	17076	18046	19073	20115	21217	22209	23173	24127
65	1145	2167	3104	4146	5117	6094	7085	8033	9031	10059	11047	11947	12971	13983	15041	16029	17080	18062	19075	20116	21224	22212	23176	24131
66	1148	2176	3116	4150	5125	6099	7090	8044	9033	10074	11054	11951	12975	13984	15044	16031	17083	18071	19080	20119	21239	22214	23197	24134
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1992	2943	3932	4908	5906	6862	7857	8848	9863	10834	11797	12765	13788	14808	15810	16903	17892	18890	19908	21025	21996	23012	23957	24918
965	1995	2947	3945	4922	5910	6863	7860	8849	9867	10847	11801	12769	13792	14814	15812	16911	17898	18896	19913	21029	22009	23024	23959	24919
967	2001	2956	3951	4934	5913	6871	7866	8850	9876	10864	11802	12774	13796	14815	15813	16916	17899	18899	19916	21044	22022	23033	23964	24922
971	2004	2957	3960	4935	5924	6874	7871	8852	9877	10866	11805	12778	13794	14819	15820	16925	17902	18909	19932	21048	22023	23038	23973	24923
975	2010	2959	3961	4936	5926	6883	7876	8889	9880	10873	11812	12795	13800	14822	15831	16930	17904	18916	19945	21050	22028	23044	23976	24928
977	2014	2960	3966	4953	5935	6895	7879	8894	9883	10894	11816	12797	13802	14834	15837	16931	17907	18928	19955	21054	22046	23054	23982	24929
979	2019	2976	3977	4957	5961	6904	7880	8897	9897	10899	11832	12801	13805	14859	15852	16936	17908	18932	19965	21060	22050	23073	23983	24933
980	2023	2977	4013	4958	5969	6909	7881	8899	9898	10900	11846	12805	13807	14873	15878	16937	17909	18933	19968	21065	22058	23078	23984	24941
995	2025	2985	4020	4959	5977	6921	7884	8903	9904	10919	11854	12806	13808	14874	15880	16940	17915	18937	19972	21068	22063	23082	23989	24956
998	2028	2990	4021	4963	5982	6922	7890	8905	9905	10920	11872	12809	13809	14880	15881	16945	17920	18942	19974	21075	22074	23086	23995	24960
1000	2031	2994	4025	4972	5983	6930	7896	8908	9916	10921	11878	12814	13815	14887	15883	16961	17921	18944	19980	21080	22081	23090	23998	24964
1003	2033	3011	4026	4985	5984	6934	7899	8913	9945	10923	11880	12819	13829	14893	15900	16962	17936	18946	19987	21084	22088	23091	24005	24979
1018	2056	3012	4027	4995	6003	6935	7904	8914	9946	10931	11888	12825	13830	14898	15902	16965	17938	18951	19992	21089	22109	23096	24017	24987
1034	2065	3019	4029	4998	6007	6941	7905	8932	9952	10936	11893	12830	13831	14916	15904	16975	17944	18962	19998	21090	22116	23106	24021	24991
1045	2076	3023	4036	5000	6008	6946	7910	8955	9959	10947	11898	12836	13833	14922	15906	16979	17953	18975	19995	21092	22120	23115	24028	24992
1043	2077	3024	4055	5003	6009	6960	7918	8961	9960	10951	11900	12843	13834	14927	15908	16992	17963	18981	20016	21107	22132	23116	24032	25001

On July 1, 1978, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015**, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris or Zurich, or Banca Vonwiller & C. S.p.A. in Milan or in Rome, or Bank Mees & Hope NV in Amsterdam or Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due July 1, 1978 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by a transfer to a dollar account maintained by the payee, with a New York City bank.

On and after July 1, 1978, interest shall cease to accrue on the Debentures herein designated for redemption.

CONTINENTAL OIL INTERNATIONAL FINANCE CORPORATION

Dated: May 25, 1978

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M-49	676	1127	1890	2228	4753	6421	8145	12870	12947	13141	13414	13781	14724	17799	18420	20306	21340	21386	21407	21419	21441	21460	21468	23388
52	1057	1134	2162	2233	6017	6425	8149	12871	12964	13382	13415	13786	15332	17807	18421	20596	21348	21387	21408	21420	21446	21462	21500	23432
127	1080	1138	2204	4448	6020	7776	8151	12926	13033	13408	13619	14358	15579	17810	18434	21260	21381	21391	21409	21424	21447	21463	22997	23459
162	1110	1266	2209	4479	6025	8139	8937	12942	13107	13411	13623	14359	16315	17840	18914	21261	21382	21395	21413	21428	21450	21465	23010	24523
168	1124	1486	2210	4752	6146	8142	9055	12945	13139	13413	13627	14360	17798	17928	18938	21335	21385	21397	21415	21433	21453	21467	23302	

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY

Heat sensitive cable gives fire warning

ABOUT TO come on the market is a fire detection system which is claimed to be as simple to instal and operate as any of those of its type now available and yet be more efficient and lower in cost. It is based on the use of heat-sensing cable.

It is suitable for all types of industrial complex, building and even domestic property and can also be used to protect processing plants where local overheating of bearings or other components might occur.

This latest challenger in the market is called Fire Sense. It comprises coaxial cables, the insulation of which is of a special formulation, linked to electronic alarm units (monitors) contained in cabinets which may be located anywhere within the area being protected.

The cabinets house plug-in cards for alarm logic, temperature monitoring devices and units which give audible and visual signals as soon as the temperature in areas laced with the cable rise above preset limits.

Two basic cable systems are available. There is Fire Sense 70 and Fire Sense 200 representing upper temperature limits of 70 and 200 degrees C. at which the cables may be installed and at which they will endure for long periods withou degradation. The manufacturer says these temperatures can be exceeded by 30 degrees C. for brief periods without ill-effect.

The temperature at which the system—cable plus monitor—is set to trip an alarm can be above or below the rated temperatures. The cable will reset itself when the temperature falls below the trip temperature and will not be damaged by being heated to the trip temperature during testing.

An attractive feature of the system is that it is very easy to carry out tests: the simplest method is to play hot air on the cable and this could be done with a device like a hair dryer. If a cable is damaged by fire or other event only the affected section has to be replaced—a simple operation says the manufacturer.

The monitors, apart from indicating the location of a fire and initiating an alarm, can be programmed to set in motion a variety of safety measures such as the automatic closing of doors and shutting down of automatic processing equipment.

The cable is claimed to be equally effective whether it is used for a distance of one metre or 10 km, or more.

In addition to the two basic systems there is a third arrangement called Fire Sense Dualine. The cable used for this is not only a detector cable but also a current conducting line, both contained in one sheath. It can thus be used additionally as the wiring for control circuits to bells or sirens and at the same time the detector cores can be used to connect unmanned call stations, smoke and flame detectors into a composite fire safety system. If the heat detecting core is destroyed, the conductor core will continue to serve control circuits.

Manufacturer of the Fire Sense equipment is Patol, P.O. Box 66, Reading, Berks., RG1 1PE (0734 52266).

● OFFICE EQUIPMENT

Speeds the flow of work

THE USE of dictating machines has traditionally been viewed with hostility by top-flight secretaries . . . a girl using high shorthand speeds regrets the waste of her talents and is resentful of the fact that a much less qualified colleague from the typing pool could usurp her labour. There is, too, the frustration of transcribing tapes of woolly-minded bosses whose dictations are not only less than perfect but very time-wasting in that they will add afterthoughts and special instructions at the end of a dictated letter, causing duplication of a secretary's efforts.

Now, with the introduction of its "mark and find" mini cassette, a system enabling a secretary to find any special instructions and identify the beginning and end of letters, the Business Equipment Division of Philips Industries believe there will follow a new concept in office efficiency.

Based on a material called Particle Orientated Paper (POP) —a by-product of the U.S. space programme — the system's special strip of paper runs on both sides of the cassette along the top edge and changes colour from green to black when touched with a *magnet*—if the magnet is small enough, as say a stylus, the colour change will appear as a black dot.

The strip is graduated to coincide with the fifteen minutes of recording time on each side of the cassette and is divided into an upper section to denote an end of letter mark or dot. This indicates the end of a letter according to the number of letters on that side of the cassette, and also their lengths. Any special instructions appear as black dots on the lower section of the strip and, as the POP indexing strip is integral with each cassette it cannot be lost in transit between one office or another.

The range is called the 300 series—the 302 is a general purpose/transcription machine, the 303 a de-luxe automatic dictation/transcription machine and the 304, the one the company says is "built with today's secretary in mind."

More on 040 783455.

● INSTRUMENTS

Checks the bearings

MADE BY RION in Japan and supplied in the U.K. by Computer Engineering, the VM-24 portable vibration meter is a compact and easily used instrument for checking the condition of bearings and other rapidly moving machinery parts.

The instrument gives a direct reading of vibration in terms of displacement, velocity or acceleration on a clearly marked meter scale. It will give advanced warning of bearing failure by detecting increases in known levels of vibration; then, preventative measures including bearing replacement can be undertaken at the next convenient shut-down.

The costs of routine maintenance can be eliminated, since replacement need only be undertaken if there is definite evidence of impending failure.

A companion item, the VP-28 is a continuously variable narrow band filter which allows vibration levels to be checked at spot frequencies in the range 5 Hz to 5000 Hz. It then becomes possible to relate the problem to specific parts of the machine under test.

More on 0462 52731.

Easy to check voltage

THE Amprobe ACD-1 instrument offered by Havant Instruments provides instant readings of current in larger insulated or non-insulated cables (up to 2 ins diameter) merely by clamping built-in tongs round the outside of the cable.

For voltage and resistance readings, test leads are provided. In all cases the correct range is selected automatically and is shown on a 0.43 ins high digital display in the base of the handle.

This three digit display caters for AC amperes, volts and ohms from 0.1 to 999, but accessories can be supplied to read currents from 10 mA to 6,000 amps. DC voltage can be measured using a multiplying factor.

Accuracy for the basic ranges is about 2 per cent, assuming a 50 to 60 Hz sinusoidal waveform. Protection for one minute is provided against 50 per cent overload.

Powered by a Mallory 9V battery, the unit weighs 425 grams (15 ozs).

More from Unit 3, Westfields, Horndean, Hants. (0705 596020).

● ELECTRONICS

Producing a memory

SIGNETICS HAS gone into production with a 16k programmable read-only memory, the 82S190/191—one of the first semiconductor makers to do so.

Sample quantities of the device are available in the UK from Mullard, and production is planned to meet full-scale demand in 1979. The timing is intended to give designers the opportunity to evaluate the new memory and demonstrate its cost effectiveness.

Access time of the device is a little greater than the 8k version and is guaranteed at 80 nanoseconds with 60 ns as a typical value.

The power dissipated is also similar to that of the earlier 4k and 8k units, achieved by "power predecoding" in which the 128 rows of the array are predecoded into 16 blocks of eight rows each. Only one block is powered at any moment, providing the needed reduction in current consumption. A 1:8 demultiplexer circuit then selects the appropriate individual row. A similar approach is used in the 128 columns.

Main use of the ROM will be for program storage in general purpose computers and in minicomputers. But in addition, new possibilities are opened up for the OEM user. It is now possible to add user-defined routines in PROM to a basic computer mainframe. Especially useful in applications where speed and throughput are important, this approach can take advantage of the faster access time of PROM in comparison with mass random access storage.

More from Mullard on 01-580 6633.

IN BRIEF

● Ferranti has introduced a new series of gallium arsenide field effect transistor amplifiers covering a total range of 4.4 to 6.0 Gz. The noise figure is typically 2.7 dB. More on 061 09967 71611.

● Assembled into one 16-pin package by Fairchild are all the active devices needed to provide a switching regulator system. With the need for extra components kept to a minimum, the UA 78S40 can serve as step up, step down or inverting switching regulator. Potters Bar 51111.

● From Distronic comes a tristatelight emitting diode which produces red or green emission according to the polarity of the applied voltage. More about the Xciton XC 5491 on Harlow 32947.

● TEXTILES

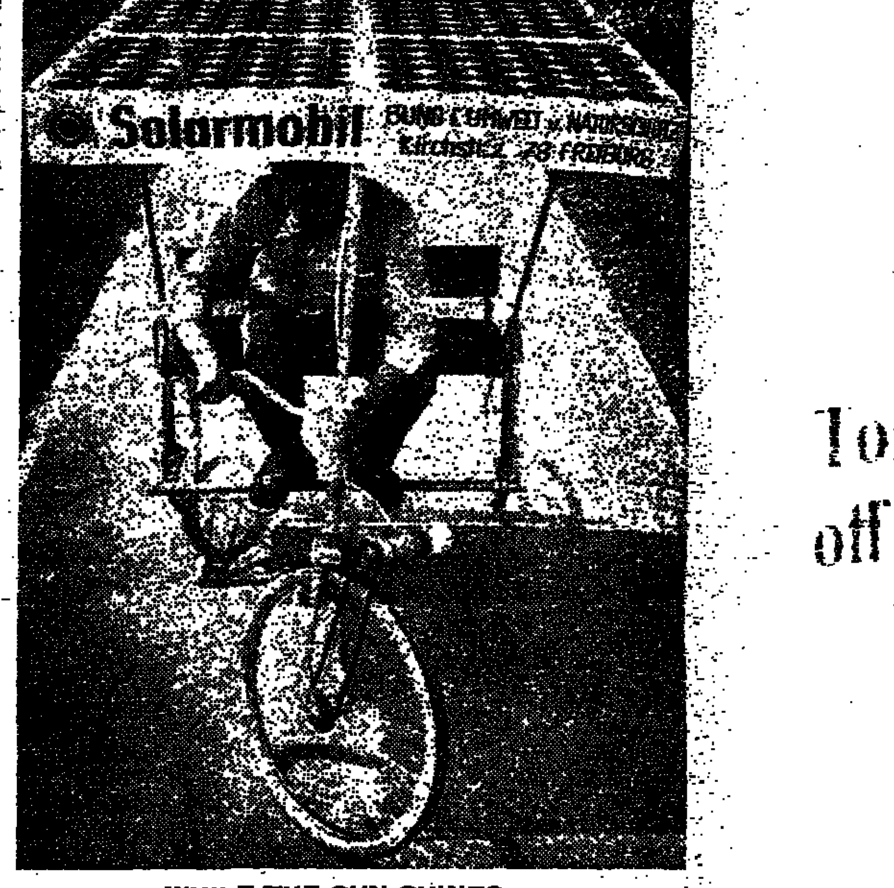
Fine staple spun fast

THERE HAS been much research and development in short staple spinning over recent years and most of this effort has been directed towards producing open-end spinning machines as an alternative to ring spinning.

The objective has been that of eliminating ring and traveller and limitations on production speeds and package sizes. Now, however, a completely new development has been brought almost to full commercial realisation by the Italian ring spinning machine builder Marzoli (British agent: Geoffrey E. Macpherson, Nottingham, NG2 6AD. Tel. 0602 868701).

Normally, a ring spinning frame operates with a rising and falling ring rail on which are mounted the rings and on these rings are mounted travellers through which the yarn is taken and which give it the necessary cohesive twist. With the new Diamond ring spinning frame the ring is now allowed to float on a cushion of air and so can rotate at high speed, while in place of the traditional traveller there is what Marzoli describes as a "rider" which is similar, in use, to a traveller but of a completely new design.

It is claimed by the Italians that very much higher speeds can be attained and because there is less tension on the yarns it is possible to spin very much finer counts. Two models of machines are to be built and will allow speeds from 11,500-13,000 rpm and 16,600-18,000 rpm to be used commercially, depending upon ring diameter. This will give yarn delivery speeds of 32.4-25.0 and 20.0-16.6 metres/minute and with yarn counts of 7-12s cc or 24-54s cc.



WHILE THE SUN SHINES . . .

The canopy above this tricycle is not designed to keep off the rain . . . mounted solar cells atop the vehicle will drive it as long as the sun shines. The Solarmobil was introduced at a solar energy fair in Sasbach at the Kaiserstuhl, West Germany.

● COMPUTERS

Low cost printer

PUT ON the market by Datac is a panel-mounting printer model 411 which sells for under £200 (one off) which can also be used in desk-top applications.

It incorporates the company's 245 electrosensitive printing mechanism and has a single electronics board which provides interfacing, control, character generation and drive circuits together with a mains power supply. An optional converter is available for operation from five volt supplies.

Two standard input interfaces are available: six bit parallel ASCII, with serial characters which will print 20, 32 or 40 characters per line; and a four bit parallel BCD, 16 columns.

The character serial interface is well suited to microprocessor-based systems where a data highway is used to transfer the information, while the BCD version is easily connected to digital meters, counters and clocks.

More on 061-941 2361.

Planning made easy

SCICON Computer Services has an interactive system called FINAR (financial analysis and reporting system) which it says can be used by anyone who has learned to operate a desk calculator.

The system was originally marketed by Aristos Business Systems for use on the DEC System 10 and PDP 11. Scicon has converted it for use on the Univac 1100 series, with availability throughout the EEC and some other European countries. A bureau service is being offered on the Scicon computers at Milton Keynes, but the company also has a licence to lease the system for use on customers' own machines.

Areas covered by FINAR include cash planning, evaluation of alternative investment plans, sensitivity analysis, budget variance analysis, consolidation of subsidiary reporting, preparation of corporate budgets and several other requirements.

More on 0908 565656.

● MATERIALS

Resilient conductive sheeting

CONDUCTIVE natural rubber material, which will be a boon in any situation where static could pose serious problems, such as in circuit manufacture, is available in sheet form one metre wide for use on floors and on benches.

It is resilient and flexible and being volume conductive, does not lose its anti-static properties as it wears.

Grounding is achieved using large surface contacts and attachment to the working surface is simple, using readily available adhesives.

For bench applications the standard material is 1mm thick with flooring grade at 2mm. One side is smooth and the other has a mesh effect to prevent slippage.

NG-5 Stati-Ex comes in lengths up to 20 metres from Teknis, Teknis House, Meadrow, Godalming, Surrey GU7 3HQ. 04868 5432.

هكذا من الأصل

LABOUR NEWS

Textile unions merger backed

By Rhys David

SUPPORT FOR mergers of unions within the clothing, textile, and footwear industry to create one large grouping capable of representing the whole sector has come from the National Union of Hosiery and Knitwear Workers.

Mr. Harold Gibson, general president of the union, speaking at its conference in Edinburgh, warned that small unions of under 200,000 members, such as existed in textiles, were vulnerable in respect of the influence they could exert and the services they could give to their members.

"There should be talks taking place between the unions in order to unify the trade union structure and to create a vibrant organisation for the present needs and times in which we live," he urged.

The trade union structure within textiles is still very largely based on geographical areas with separate unions covering cotton and man-made fibres in Lancashire, wool textiles in Yorkshire and knitwear, largely concentrated in and around Leicestershire and Nottinghamshire. Clothing is represented by another union, the National Union of Tailors and Garment Workers.

Bigger units

Some mergers have taken place, but these have consisted very largely of consolidation of smaller unions to form bigger units within these geographical areas. In Lancashire, 24 semi-independent associations, covering separate districts have been federated to form the 45,000 member Amalgamated Textile Workers Union. In Yorkshire, the National Union of Dyers and Bleachers, the biggest union with about 60,000 members, is allied with other smaller, mainly craft unions in the National Association of Unions in the textile trade.

Pressure for further groupings across traditional textile industry divisions comes partly because of the increased integration of the industry but also because of the competitive threat posed by the general unions. The GMWU and the TGWU have been paying increased attention to textiles where both already have considerable membership. The engineering unions, the AUEW and the EEPTU are also represented in the industry.

The Amalgamated Textile Workers, in advance of Mr. Gibson's remarks, have already held preliminary talks with the National Union of Dyers and Bleachers, aimed at exploring a possible merger, and the TUC has been asked to make its good offices available to assist. The main obstacle encountered so far has been the ATWU's own structure as a federation, and before any further moves are made the union is to examine ways of uniting into a single body.

Union urges higher public spending

BY PAULINE CLARK, IN SCARBOROUGH

BRITAIN'S THIRD biggest union, the 950,000-strong General and Municipal Workers' Union, is preparing a campaign for increased public expenditure.

Its views became clear yesterday as the union discussed unemployment and Britain's economic ills in the opening debates of its annual conference in Scarborough.

The union's policy of fighting unemployment by raising the standard of public services is likely to contribute to the national debate over the spending of North Sea oil revenues. Other groups in industry and the trade unions see higher investment in manufacturing and greater tax relief as a priority in solving the country's economic difficulties.

Pledging the union to a "radical" approach in the future, Mr. David Basnett, general secretary of the union and chairman of the TUC, said: "Our standard of living and the quality of our lives depend on our commitment to the extension and expansion of public services.

"We have stood—and we will will continue to stand for the wealth which is created by society as a whole, being used mainly by society as a whole.

"We are in the process of establishing within the trade union movement a new radical Left because only by going to the roots of the problems which confront us can we secure the changes necessary."

The call for a new drive to channel more funds into the public sector was taken up by delegates supporting an executive council motion on unemployment.

The executive asked for a properly worked out economic policy on job creation and industrial regeneration as well as the use of North Sea oil funds to expand the public services.

Earlier Mr. Basnett accused Conservative leaders of inviting conflict over the closed shop.

While the Labour Party and trade unions were trying to achieve a concensus on the issue, Mrs. Margaret Thatcher and her supporters were indulging in political opportunism.

Mr. Basnett said the advantages of the closed shop had received too little advertisement.

It avoided friction between unions and non-trade unionists, as well as inter-union difficulties and there were advantages to voluntary collective bargaining.

The closed shop had been attacked as "a monster power" yet no union could act in an arbitrary way because of their procedures and there were many courts of appeal.

"It's a complete and absolute nonsense to conjure up the bogey of an attack on individual liberty when there is an attack on the collective liberty of trade unions."

Discrimination blamed for jobless women

BY OUR LABOUR STAFF

THE Manpower Services Commission was accused yesterday of failing to tackle job discrimination against women.

Calling for action to help women during periods of high unemployment, Miss Pat Turner, national officer in the General and Municipal Workers' Union, said the commission had failed to overcome or even seriously challenge the sexual division of labour through its training or economic promotion scheme.

She told the union's conference: "Women remain as firmly linked to that limited number of women's industries and women's jobs as they ever were."

In 1976, she said, female unemployment was rising twice as fast as male unemployment. In 1977 it rose to the "alarming" three-fold level.

Miss Turner attacked those who see a solution to unemployment in the return of married women to the home.

This could lead to the collapse of the National Health Service, service industries and many sectors of the manufacturing industry.

Tories told 'hands off Post Office'

CONSERVATIVES must keep their hands off the telecommunications industry, Mr. John Scott-Garner said yesterday in his presidential address at the Post Office Engineering Union's annual conference at Blackpool.

The union president replied to Sir Keith Joseph, responsible for Conservative policy and research, who, he said, had stated that the Tory Party would free Post Office control over telecommunications.

"I say to Sir Keith Joseph, 220,000 workers have not given their lives to the telecommunications business to see you ruin it."

He said that Sir Keith's view was that the Post Office should retain monopoly control over the provision of the telecommunications network but lose its "monopoly grip" over the supply of terminal equipment needed to link the network from the office, home and factory.

"The Tories want to get rid of your job. Our political activities are totally in pursuance of our need to protect and advance our interests as workers."

He urged the Post Office to join the unions in the fight to save members' jobs and told the organisation: "You must not rely on monopoly to protect you. You must get out and sell to our customers and make sure you have the equipment the customer needs. If you sell it, we will instal and maintain it."

His message for the public was that the maintenance forces at the disposal of the Post Office were vast and quite incapable of being matched by any conceivable private enterprise.

"We want you to have a better service—you will not get it Sir Keith's way."

Turnover rises in catering industry

TURNOVER IN the catering industry for the first quarter of 1978 rose by 12 per cent compared with first 1977 quarter. Measured against the final quarter last year it rose by 3 per cent, according to the Department of Trade.

Workers to vote on Ryton stoppage

By Our Labour Correspondent

PROPOSALS for a return to work in a dispute which has halted all output at Chrysler's Ryton, Coventry, factory will be put to a mass meeting of 1,500 production workers today.

A peace formula was reached during talks at the weekend and put to section meetings of the men involved yesterday. This resulted in some groups accepting the proposals and others rejecting them and shop stewards will this morning try to clarify the position.

The dispute began last Thursday when 60 men objected to company proposals for transferring seat rectification work to another section of the factory. Other workers then joined the strike and by last night production of 250 cars had been lost.

At the Perkins Diesel Engine plant in Peterborough 1,100 workers were sent home yesterday because of a strike by maintenance men.

The dispute started when the 34 maintenance men staged their protest over a company scheme to use sub-contractors for weekend maintenance. It disrupted services at the main Eastfield plant of the company, which is the world's biggest manufacturer of diesel engines employing 10,000 workers.

Equity rejects changes in union rules

BY PHILIP BASSETT, LABOUR STAFF

MODERATE MEMBERS of Equity, the actor's union, yesterday confirmed the defeat of a Left-wing attempt to change the structure of the union by scrapping the system of postal ballots. A special general meeting of the union yesterday voted to retain the present structure.

Changes in union rules, including those relating to fees and subscriptions, membership qualifications, the objects of the union, and the rights of members to inspect the union's finances, were defeated in the last of four meetings on revision of union rules by 201 to 196 votes. A two-thirds majority would have been necessary for any change.

One of the inprotant changes rejected yesterday would have dispensed with the qualification of 40 week's experience for full Equity membership, which is necessary to work in London's West End theatres. Another change, also rejected, would have allowed the union's council to fix subscriptions without putting the change to a general meeting.

At the weekend, the Left suffered a major defeat when the union voted 577 to 546 to reject proposals for a branch meeting and delegate conference structure to replace the present system of postal balloting.

Mr. Peter Plouviez, general secretary, speaking after the meeting, denied that the union was in dire financial straits. But he admitted that it was "hard up," and that the whole process of the rules revision attempt, including a referendum of all the union's members, had cost about £50,000. In the financial year, 1977-78, the union showed a £100,000 deficit.

Mr. Plouviez said that now the union could go ahead with trying to improve the way it worked and encouraging more union members to play an active part in it. Members, he said, should devote their energies to improving agreements, especially trying to link pay to employment prospects.

The results of the elections to the general council of the union are expected today before the annual general meeting next week.

Wolsingham 'stalemate'

A STRIKE by 160 manual workers at the Wolsingham Steel works which yesterday entered its third week is a "stalemate," according to the men's union leader.

The dispute, which threatens production at shipyards throughout the country, is about a pay offer to men employed at Wolsingham which is a fraction of 1 per cent less than that offered to other manual workers on Wearside, in the British Shipbuilders' Group.

UCATT bars trade paper

By Nick Garnett, Labour Staff

CONSTRUCTION NEWS has been effectively barred from the biannual conference of the Union of Construction, Allied Trades and Technicians after allegations of biased reporting.

The weekly trade paper issued a libel writ earlier this year after the union journal, Viewpoint, criticised its coverage of the industry, including its reporting of UCATT in relation to the construction section of the Transport and General Workers' Union.

The union also severed normal Press relations with the paper.

UCATT said yesterday that Construction News had had its Press credentials withdrawn, partly because of what the union sees as an unwarranted anti-UCATT bias, but largely because the writ had made the working relationship between the union and the paper difficult.

Mr. Albert Williams, the union's president, told delegates in Dunoon that the Government had to correct "by drastic means if necessary" the faults in the economy which created wide disparities in wealth.

The millions "in want," said Mr. Williams, would not stand by silently forever while what they needed to satisfy their needs was almost within grasp.

Allegations of vote rigging at branch le[illegible]sed by some conference delegates.

APPOINTMENTS

Burton Group senior posts

Mr. Ralph Halpern has been appointed group deputy managing director of the BURTON GROUP and Mr. Brian North has been made assistant group managing director. Mr. Halpern is chairman and chief executive of Top Shop and Peter Robinson. He became a member of the group Board in 1977 with additional responsibility as chief executive of Burton and Jackson Retailing. Mr. North is group financial director and acting chief executive of Burton in France. He joined the group in 1973, became financial director three years later, and was appointed to the group Board last year.

*

Mr. Bernard F. W. Scott, executive chairman of Lucas Industries and a director of Lloyds Bank since 1975, has been appointed a director of LLOYDS BANK INTERNATIONAL from July 1.

*

SHANGHAI COMMERCIAL BANK (incorporated in Hong Kong) has appointed Mr. Ambrose K. C. Chan to be representative at its London office, opening June 8. Mr. J. E. Frazer will be adviser.

*

Mr. G. M. Philipps has been appointed a director of H. CLARKSON AND CO.

*

Mr. Paul Podolsky, chairman of Albioncraft, has been elected president of the BRITISH JEWELLERY AND GIFTWARE FEDERATION.

*

Mr. Olof Dahlquist has been appointed managing director of TRELLEBORG RUBBER, the UK subsidiary of Trelleborg AB, Sweden. He succeeds Mr. Frank McGuire, who has become president of Trelleborg's American companies, but remains a director of Trelleborg Rubber.

*

Mr. Michael Heath has been appointed a director of SMITH BROS., stockjobbers, not stockbrokers as reported on Saturday.

*

Mr. Peter Turner has been appointed managing director of FAIRCHILD CAMERA AND INSTRUMENT (UK) and general manager of the company's Northern European semiconductor division. Formerly managing director of Celdis, Mr. Turner succeeds Mr. Robert Blair who is taking up a new European marketing post at Fairchild's headquarters in Mountain View, California.

*

Mr. A. Spedding has been appointed general manager and actuary of UK PROVIDENT.

*

Mr. David Linford has been appointed chairman of the LINFORD BUILDING GROUP, succeeding Mr. F. Linford who becomes president.

*

Mr. Peter Hancock is to become deputy managing director of SHREWSBURY TOOL AND DIE COMPANY, a member of the Hall Engineering (Holdings) Group.

*

Mr. L. E. Down has been appointed financial controller and company secretary of TEMPERATURE. He was previously with Cunard Line.

*

Mr. R. J. Simpson has been appointed to the Board of DRAKE AND SCULL HOLDINGS as group finance director. He is also group company secretary.

*

Pipework and Heating Services, PHS (Power Plant) and PHS (Electrical) have joined the FOSTER GROUP of pipework companies. Mr. F. T. Boon and Mr. G. V. Smith continue as joint managing directors of the PHS companies, whose chairman becomes Mr. A. R. H. Mullett, who is also chairman of the enlarged group's parent company, Foster Brothers. Also joining the PHS Board are Mr. L. E. Smith, managing director of Fosters Power Piping, Mr. T. B. Sansom and Miss D. N. Bastable.

*

Mr. R. Marshall has been appointed a director of the TSB TRUST COMPANY. Mr. Martin Broadway has become assistant general manager, management services, and Mr. Michael Ramsey, assistant general manager, insurance administration.

*

Mr. R. C. Ingram has been appointed a deputy chairman of LOWNDES LAMBERT GROUP, and Mr. J. A. Champness has joined the Board.

*

Mr. D. W. C. Kitching, at present a general manager, MIDLAND BANK, has been appointed assistant chief general manager from September 1, in succession to Mr. W. C. Woodman who is to retire. Mr. Woodman will continue as deputy chairman, Midland Bank Industrial Equity Holdings. Also from that date, Mr. K. B. Cox is to become a general manager responsible for the corporate finance division. He will be replaced by Mr. H. R. Gamble as general manager (treasurer). Mr. A. E. Robinson, previously a divisional advances controller, is now a regional director, home counties, in succession to Mr. Gamble.

*

Mr. Peter Lawson has been appointed chairman of MWP INCENTIVES in succession to Sir Dallas Bernard, who remains a member of the Board. Mr. A. S. Minns has joined the Board as chief executive, and Mr. M. E. Chamberlayne has been made an executive director. Mr. L. A. S. Mostyn and Mr. G. M. Magan become non-executive directors on the Board. MWP Incentives is jointly owned by Morgan Grenfell, Willis Faber and PA Management Consultants.

Safety rules at work explained

THE NEW safety at work regulations, involving safety representatives appointed by the trade unions and safety committees jointly appointed by unions and management, come into force on October 1. The Royal Society for the Prevention of Accidents has produced a booklet explaning the implications in, it is claimed, easily understood language.

"All You've Ever Wanted to Know About Safety Reps." Royal Society for the Prevention of Accidents, Cannon House, The Priory Queensway, Birmingham; £2.18 for 10 copies.

Anti-vandal exhibition

THE Anti-vandal Exhibition opens today aboard the Tattersall Castle, moored near Charing Cross Pier, London. It has been organised by Council magazine.

Among the exhibitors is Bayer, which is inviting visitors to try to damage windows and paintwork made from Bayer raw materials. The exhibition ends on Friday.

THE JOBS COLUMN

Mr Carew's positive academy for job-hunters

BY MICHAEL DIXON

"WHAT can you do for us. Tom?" the telephone caller asked the head of the Percy Coutts careers consultancy in London. "We're shutting 23 bakeries and making 8,000 people redundant." That was two months ago.

"What could I say to them?" the same Tom Carew asked me the other day. His question was purely rhetorical. "I said I'd do the lot."

So he mustered four of his staff, conscripted four of the jobless executives whom his consultancy trains to re-invade the employment market, commissioned 23 snappy posters proclaiming "Coutts is here," and led his squad on a tour of Spillers' doomed bakeries. "We couldn't deal with so many people individually," he said, "so we talked to them in groups."

The talks given by Mr. Carew would typically begin with a thoughtful smoothing of his fine grey hair, and words much like the following:

"So you've been told you are redundant. Well, I'm sorry; very sorry. But where are you going to go now—to the grave or something?

"The truth is that you aren't redundant. It's this business operation that is redundant. You are all valuable workers. And you're not joining a long queue of unemployed. No queueing is necessary.

"You're going into a pool, and you can be out of it again in a few hours if you swim properly. And times aren't bad for you. They're good because hardly anybody else in the pool knows anything about job-hunting, which you soon will..."

This kind of oratory has clear overtones of Sir Henry Newbolt and "Play up! play up! and play the game!" But anyone who pointed out the resemblance to Tom Carew, would not displease him. Facing the facts and squaring the shoulders are in his view the essential first steps to recovery from unemployment.

A bit of inspirational help is therefore worth any amount of pity. And if revitalising the newly jobless requires Mr. Carew to behave like a somewhat old-fashioned public school headmaster, then so be it.

"We're entirely on their side, but we don't pander to them. I'm highly autocratic. I don't allow them to argue with me. We're in a capitalist society, and what the people who come to us here need is to be made to learn to look after Number One."

In teaching them, Coutt's staff do not mince words. An unemployed manager whose skin is not white is almost sure to be told graphically that his chances of getting an interview are highly liable to be jeopardised by colour-prejudice among employers.

"When prejudice exists—as it does—and the person's need is to get a new job, there's no use in waiting for the prejudice to be abolished. Given an interview, the candidate has a fair chance of overcoming it. But not when all he is to the employer is one of a lot of letters of application, most of which have to go in the waste bin anyway. The need is to forestall the prejudice until he gets through to the interview stage.

"The last person I pointed that out to, for instance, was an Egyptian. He went away and changed his name to an English middle-class one, and he's doing nicely now."

Forestall

The tactic of forestalling is taught also to people whose former job-title does not convey the responsibility of the job they were doing. 'If you've been serving as financial director for a region, say, but the company called you the regional accountant, then the only sensible thing to write in in application is that you were working as financial director."

Any customer of Coutts who demurs at such tactics is summarily convicted of "negative thinking" and fined 30p.

There are few worse offences. Only by saying or writing "I was made redundant" (50p), "I was involved in a clash of personalities" (50p), or "I am redundant" (40p) can a customer incur a heavier fine. The lightest is 10p for the wearing of each or any of a white shirt, a woollen scarf, a cardigan, or a club tie. Last week's takings, paid to the Salvation Army, were £7.90.

The system of fines works, Tom Carew believes, by reminding the jobless to be careful in promoting their own interests. "And generally they soon learn to do that, although I do wish I could say the same about the companies that find themselves having to carry out redundancy exercises.

"You know, an announcement that so-and-so is putting so many people out of work is likely to make the company's buyers go off and look for other suppliers, which increases the risk of having to make more people redundant in future. If a business is to avoid effects like that, then careful public relations as well as industrial relations planning is necessary. So I've lately started to extend our services to advising companies on redundancy exercises so they can give the best possible chance not only to the employees' interests, but also their own."

Spillers did not do this, he feels, with the result that Coutt's possibilities were confined in the main to first aid.

"But you can still help a fair deal. For instance, most workers don't realise that employers tend to look very favourably on candidates who live close to the company site. Propinquity is a highly saleable advantage, and people can be taught to make use of it in just a few minutes."

In general, however, the immediate stiffening of personal morale was the best Mr. Carew's squad could do for the Spillers 8,000, most of whom have now disappeared from his ken. The only exceptions are some 30 managers of the closed bakeries who are training under Coutt's tutelage for re-entry to the working world. The charge, usually paid by the former employer, is 7½ per cent of salary, although discounts of up to 50 per cent are available for bulk orders.

'Terrible'

"Like almost everybody, they were terrible at the start. It's not just that they don't know how to sell themselves. They don't even know that they can or should do.

"And it's going out and selling yourself that counts when you've lost your job. But that's not what they think when they first arrive here. Their typical opening remark is that they're going to write to the biggest 100 or, if need, be, 1000 companies. Then we say they might as well throw the letters in the waste bin, because big organisations are getting rid of people probably, and certainly not much interested in the unemployed.

"We tell them that it's the small companies they must go to, companies that are too busy to get around to recruiting the extra manager they need, even if they've realised yet that they need one. That's where our people get their new jobs and once they know how to look for the opportunities and how to market their abilities, they don't need me. It simple."

Even so, I doubt that the uphill task would be at all simple if Coutts's customers were not constantly backed by Tom Carew's headmasterly faith in every pupil's powers of self-regeneration.

"Look at this chap," he said. "Hopeless. He comes from the gutter. No social aplomb at all. No idea how to present himself. Appalling career record. . . . He's going to get himself a damn good job you know. He has absolutely first-class ability underneath."

SEMINARS

CONTRACTS AND TENDERS

The Workers' Council of the Municipal Organization of Associated Labour for Water Supply and Sewer System "VODOVOD" 32000 CACAK, YUGOSLAVIA, Vojvode Stepe Str. No. 8 announces:

INTERNATIONAL COMPETITIVE BIDDING FOR SUPPLY OF MATERIAL FOR WATER SUPPLY IN CACAK—YUGOSLAVIA PART F1

Tender Documents Nos. 15/1 and 15/3

WORK TO BE TENDERED:
Supply of equipment (pipes and fittings) for Waterworks structures in Cacak.

COST OF WORKS:
Tentative cost of material and equipment is 4,000.000.00 Dinars, comprising necessary material for construction of distribution pipeline Ø 300 up to Ø 400 with length of 3,300 metres of cast iron pipes and appertaining fittings, as well as 1,350 metres pipeline of Ø 150—all FOB Cacak Site.

DELIVERY TERMS:
90 days from the date of receipt of Employer's order to commence the works.

CLOSING DATE FOR RECEIPT OF TENDERS:
45 days from the date of publishing the Invitation for submission of tenders in the newspaper.

DECISION TO BE MADE:
The decision on selection of the successful Tenderer shall be made within 10 (ten) days from the closing date for receipt of tenders.

TENDER DOCUMENTS:
The tenders shall be submitted exclusively on the forms provided in the Tender Documents. Two sets of Tender Documents can be obtained:
— against payment of 3,000.00 Dinars, payable to the current account of "VODOVOD" Cacak No. 61300-601-1076, held with the Government Auditing Office, for local tenderers
and
— against payment of US$150.00 payable to the current account of "Energoprojekt" No. 60811-620-58-25730-421-10-9-1074 held with the Yugoslav Bank for Foreign Trade, Belgrade. Tender documents for foreign tenderers can be obtained at the Energoprojekt offices, Department for Municipal and Industrial Sanitary Engineering, Zeleni Venac Str. No. 18, Belgrade, IV floor, phone number 011-627-522, ext. 433.

RIGHT TO PARTICIPATE IN TENDERING:
Companies from member countries of the International Bank for Reconstruction and Development (IBRD) and from Switzerland.

SUBMISSION OF TENDERS:
The tenders shall be submitted to the following address:
"VODOVOD"
Vojvode Stepe Str. No. 8
32000 CACAK
Yugoslavia.

BOND DRAWING

NOTICE TO HOLDERS OF LAND BONDS

NOTICE IS HEREBY GIVEN that a drawing of the undermentioned series of Land Bonds was conducted by the Central Bank of Ireland, Dublin, on 5th-16th May, 1978, and the following amounts of Bonds were drawn for redemption at par on or after 1st July, 1978:—

4½% New Land Bonds	9,900	7% Land Bonds	7,500
4% Land Bonds	151,400	7½% Land Bonds	76,800
5½% Land Bonds	20,700	8% Land Bonds	4,900
3% Land Bonds	7,600	9½% Land Bonds	37,700
4¾% Land Bonds	10,300	9¾% Land Bonds	137,000
5% Land Bonds	3,500	12½% Land Bonds	120,100
5¾% Land Bonds	3,600	10% Land Bonds	261,900
6% Land Bonds	34,700	15% Land Bonds	88,800
5½% Land Bonds	5,200		

Particulars of the draw numbers of the Bonds drawn are published in a Supplement to "Iris Oifigiúil" on 26 May, 1978, which may be obtained from the Government Publications Sale Office, G.P.O. Arcade, Dublin 1, or through any bookseller. Copies of the Supplement have been supplied to the Stock Exchanges in Dublin, London and Manchester, and may also be inspected at the Irish Embassy, 17, Grosvenor Place, London, S.W.1. Bondholders concerned will be advised in due course by the Central Bank of Ireland and supplied with forms of application for the principal moneys payable.

Department of Finance,
Dublin 2.
31 May, 1978.

COMPANY NOTICES

CIE INTERNATIONALE DES WAGONS-LITS ET DU TOURISME S.A.

The following Coupons of the abovementioned Company are payable on and after 6th June 1978, being the dividend for the Financial Year 1977.

PREFERENCE SHARES
Coupon No. 65 at B.Fcs. 35 each detached from shares of B.Fcs. 500 each.

ORDINARY SHARES
Coupon No. 65 at B.Fcs. 35 each detached from shares of B.Fcs. 500 each.
Coupons from share warrants regularly deposited, which are owned by residents of the Scheduled Territories, will be paid at the current rate of exchange by the undermentioned Bank who require lodgement three days before payment, and who will supply listing forms if required. Coupons from Preference shares and Ordinary shares must be listed on separate forms.

REGISTERED CERTIFICATES
The above dividend is also payable to holders of registered certificates for shares of Fcs. 500 each. These certificates may be presented at the undermentioned Bank for collection of the dividend in Belgium.
Coupons and certificates, the property of owners resident outside the Scheduled Territories, should be presented for payment in Belgium.

Midland Bank Limited,
International Division,
60 Gracechurch Street,
LONDON, EC3P 3BN.

STATE OF BAHIA 5% FUNDING LOAN 1928 ISSUE OF NEW COUPON SHEETS

Holders of Bonds are advised that on and after 12th June 1978 new sheets of coupons No. 101 to 150 may be obtained, in exchange for the talons detached from the bonds, from Lloyds Bank International Ltd., 100 Pall Mall, London SW1Y 5HP. Securities Department. Listing forms are available at Lloyds Bank International, 40-66 Queen Victoria Street, London EC4. Talons must be left an appropriate period for examination and will not be accepted through the post.

ART GALLERIES

OBITUARY

GARNICK HARRY SCHMEHL of 95 London Rd, Braintree. Former Chartered Accountant. Suddenly after a short illness on 3rd June 1978. Aged 72 years. Greatly loved husband of the late May Garnick and the dearest friend and loved father of Richard. Funeral service at St Michaels Church on Monday, 12th June at 11 a.m. Followed by private cremation. Cut flowers only please to L. R. Harry, 53 Bradford Street, Braintree.

CLASSIFIED ADVERTISEMENT RATES

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Commercial and Industrial Property	4.50	14.00
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Appointments	4.50	14.00
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Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	13.00
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Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

Provisional annual financial statements for the fifteen months ended 31st March, 1978

The following are the unaudited financial results of the Corporation and its subsidiaries for the fifteen months ended 31st March 1978 and an abridged consolidated balance sheet at that date. It should be noted that as a result of the change of the financial year end and of the merger of Rand Selection Corporation Limited (RSC) with this Corporation and thus the inclusion with effect from 1st January, 1977 of its results and those of other companies which by virtue of the merger became subsidiaries, the *figures for the fifteen months to 31st March, 1978 are not comparable with those for the twelve months* ended 31st December, 1976.

INCOME STATEMENT

	Fifteen months ended 31.3.78 R000's	*Year ended* 31.12.76 R000's
Investment income—general investments	213 179	87 181
Interest, fees and other income less expenses	38 732	19 230
Trading profit	8 847	—
Surplus on realisation of general investments	18 103	2 001
	278 861	108 412
Costs of prospecting	15 183	9 497
Provision against investments	5 000	2 300
Provision against loans	—	2 750
	20 183	14 547
GROUP PROFIT BEFORE TAXATION	258 678	93 865
Taxation	16 962	4 647
GROUP PROFIT AFTER TAXATION	241 716	89 218
Outside shareholders' interests in profits of subsidiaries	46 229	2 940
Preferred stock dividends—6%	286	286
EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS BEFORE EXTRAORDINARY ITEM	195 191	85 992
Per share 90 cents (1976: 65.3 cents) (Notes 1 and 2)		
Ordinary dividends (Note 3)	99 132	43 465
RETAINED PROFIT BEFORE EXTRAORDINARY ITEM	95 969	42 527
Extraordinary item (Note 4)	33 463	20 000
RETAINED PROFIT AFTER EXTRAORDINARY ITEM	62 506	22 527
Unappropriated profit, 31st December 1976	15 976	16 884
Retained profits of subsidiaries acquired during the period attributable to the Corporation's former minority interest	15 744	—
	31 720	16 884
Adjustment thereto arising from changes in exchange rates	(311)	66
Adjustment in respect of previous year's taxation	(1 298)	—
	30 111	16 950
	92 617	39 477
Transfers to reserves	75 025	23 501
UNAPPROPRIATED PROFIT, 31ST MARCH, 1978	17 592	15 976

BALANCE SHEET

	31.3.78 R000's	31.12.76 R000's
Capital and reserves		
Ordinary shares	22 296	13 172
Share premium	—	202
Non-distribution reserve	365 819	89 214
Distributable reserves	470 269	367 104
Ordinary shareholders' equity	858 384	469 692
Preferred stock	4 759	4 759
	863 143	474 451
Long term liabilities	166 541	60 038
Life insurance funds	458 767	—
Outside shareholders' interests in subsidiary companies	92 231	63 008
Loans — associated companies and others	419 139	287 050
Deferred taxation	2 220	—
Creditors		
Creditors, taxation and provisions	62 577	20 933
Shareholders for dividends	55 741	33 074
Bank overdrafts	11 268	—
	129 586	54 007
	2 129 627	938 554
Represented by:		
Investments		
General Investments:		
Listed — market value *R1 996 731 000 (1976: R934 221 000)*	713 779	411 009
Unlisted — directors' valuation R272 296 000 (1976: R168 059 000)	121 796	114 679
	835 575	525 688
Life insurance investments	572 057	—
	1 407 632	525 688
Fixed assets	40 178	11 453
Leasing assets	10 401	—
Instalment debtors less deferred *income*	17 030	—
Loans — associated companies and others less provision	210 437	291 858
Goodwill	—	8 380
Other assets		
Stocks, stores and work in progress	8 208	—
Debtors	100 640	33 194
Cash on deposit, at call and short notice	335 101	67 981
	443 949	101 175
	2 129 627	938 554

Notes:

1. The flow of income to the enlarged group is higher than normal in the quarter to 31st March each year. The results for the fifteen months under review, which include two March quarters, are enhanced accordingly. Earnings per share for the twelve month period to 31st March, 1978, based on the number of ordinary shares effectively in issue during the period, would have been approximately 70 cents per ordinary share.

2. The issued ordinary share capital of the Corporation is 222 964 532 shares. However, the earnings per share have been based on the effective number of shares in issue during the fifteen months to 31st March calculated as follows:

	Shares
Issued ordinary share capital at 31st December 1976	131 725 300
Shares issued:	
In respect of the acquisition of RSC with effect from 1st January 1977	69 999 656
In respect of the rights issues to the RSC share holders in May 1977—21 125 076 ordinary shares in Anglo American Corporation, reduced in proportion to the period the shares were in issue during the fifteen months to 31st March 1978	15 228 626
In terms of the share incentive scheme	114 500
	217 068 082

	1978 R000's	1976 R000's
3. *Ordinary dividends comprise:*		
Special interim dividend of 8.25 *cents per share on* 201 724 956 shares	16 642	—
Interim dividend of 12 cents (1976: 8 cents) per share on 222 905 032 shares	25 749	10 534
Final dividend of 25 cents (1976: 25 cents) per share on 222 964 532 shares	55 741	32 931
	98 132	43 465
4. The extraordinary item comprises:		
Provision against investment in Société Minière de Tenke-Fungurume	10 363	20 000
Provision against investment in Botswana R.S.T. Limited	23 100	—
	33 463	20 000

For and on behalf of the Board

H. F. OPPENHEIMER, G. W. H RELLY — *Directors*

Head Office:
44 Main Street
Johannesburg 2001
6th June 1978

FINAL DIVIDEND No. 84 ON THE ORDINARY SHARES

A final dividend of 27 cents a share (1976: 25 cents) in respect of the fifteen months ended 31st March 1978 has been declared payable on 27th July 1978 to shareholders registered in the books of the Corporation at the close of business on 23rd June 1978 and to persons presenting coupon No. 83 detached from share warrants to bearer. This dividend, together with the special and interim *dividends of 8.25 cents and 12 cents a share, respectively,* declared on 3rd May 1977 and 25th November 1977, make *a total of 45.25 cents a share for the fifteen month period* (1976: 33 cents). A notice regarding payment of this dividend to holders of share warrants to bearer will be published in the Press by the London Secretary on or about 16th June 1978.

The transfer registers and registers of members will be closed from 24th June to 7th July 1978, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about 27th July 1978. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 18th July 1978 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer *secretaries in Johannesburg or in the United Kingdom on* or before 23rd June 1978.

The effective rate of non-resident shareholders' tax is 11.0983 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the Board
J. T. GOLDFINCH
Managing Secretary

London Office:
40 Holborn Viaduct
EC1P 1AJ

6th June 1978

Head Office:
44 Main Street
Johannesburg 2001

U.S. authorities tighten up on overseas bank lending

BY STEWART FLEMING in New York

THE U.S. authorities have begun to tighten up their supervision of the foreign lending done by American banks. They want to have a clearer idea of the risk involved in each debtor country. There is, however, evidence that the regulatory authorities intend to be supple in their handling of this important matter, which reflects upon the external payments of so many countries.

Though the final pattern to be adopted is not so far clear, a number of senior officials insist that it need not inhibit the foreign lending of U.S. commercial banks, and at any rate some senior bank executives share that view. Fears among bankers that tighter regulations will automatically reduce their ability to lend have been dispelled at least in part by a recent statement from the Comptroller of the Currency, Mr. John Heimann, which showed that he was aware of the need to apply banking regulations in this field with flexibility.

Some senior officials do however suggest that part of the emphasis in the new regulatory policy expected to emerge will be on a diversification of lending overseas to ensure that no bank has too high a concentration of its loans with a single foreign borrower. Some big American banks will find that they must reduce what will be deemed to be over-commitment to certain countries.

Heavy borrower

Thus there are suggestions that Mexican officials, whose country has been a heavy bank borrower, are worried, although perhaps less so than earlier this year. No doubt other borrowers will watch equally anxiously.

The new approach is a reaction to the rapid growth of foreign lending by the banks. A congressional study published in the middle of last year highlighted the extraordinary speed of this growth. It pointed out that in 1960 only eight U.S. banks had overseas branches and that their assets totalled only $3.5bn. As Mr. Heimann recently said of international banking department executives, "in those days . . . their titles signified remoteness from the levers of command."

But by mid-1976 U.S. banks' foreign branches had assets of $181bn, according to the congressional study, and the "spectacular expansion of international lending has been critical to maintain a steady growth of earning for major U.S. banks."

The result is that, as Mr. Heimann put it, international lending activities of ten or more of the largest banks in the country would eventually account not only for more than half their loan portfolios, but also for the lion's share of their profits. Last year, for example, Citibank earned over 80 per cent of its profits abroad.

Mr. Heimann went on: "The fact is, our commercial banking system is now firmly locked into a global banking system—a system dominated by very large foreign institutions, many of them government-backed or owned which compete for business by means and standards not always in accordance with traditional American banking practices."

The phenomenal growth of foreign lending is one reason for the attention which U.S. bank regulators are paying to foreign business. Another is their previous lack of interest and lack of expertise in analysing the significance of this business for the institutions they are supervising.

The congressional study remarked that "the most noteworthy characteristic of this new capital market is that it is largely unregulated: no single bank regulatory agency, national or international, has either the authority or the responsibility to oversee the market. Until recently the Federal Reserve and the Comptroller of the Currency (the two main U.S. agencies) did not even have comprehensive statistics on the foreign claims and liabilities of the overseas branches of U.S. banks."

Over the past three years there has been widespread concern that, partly because of this lack of supervision, banks were committing themselves to loans, particularly to developing countries, which were ill-advised and which could threaten their financial stability.

Political concerns of course go wider. Thus the congressional study focused on the foreign policy implications of some foreign lending. At the end of May, at the International Monetary Conference in Mexico City, Dr. Henry Kissinger suggested that bank lending to Communist bloc countries—which has been substantial—should be used as a bargaining counter in East-West relations. Dr. Kissinger's comments found support from the chairman of the Chase Manhattan bank, Dr. David Rockefeller—and expressions of horror from some European bankers.

The concerns of the regulatory agencies are less sweeping, relating in the first instance to the financial risks to the institution involved from heavy commitments to particular countries, particularly in the case of banks that may not have appreciated the important differences between granting commercial credits and making loans to Governments.

Earlier this year Mr. Heimann, recognising the importance of this distinction, issued proposals for integrating one particular U.S. banking law into the recently developed foreign lending pattern. The Comptroller is required to ensure that no bank under his supervision lends more than 10 per cent. of its capital and surplus to a "single borrower." As Mr. Heimann pointed out recently this rule was written over a century ago. How do you apply it today to a bank making loans to a government, and agencies of that government such as a state-controlled oil company, or its export finance bank? Are they one borrower or several?

SHARE OF FOREIGN EARNINGS IN MAJOR BANK EARNINGS

(per cent)

	1972	1975	1977
Bankamerica	21	48	34
Citibank	54	71	82
Chase Manhattan	42	64	65
Bankers Trust	31	58	79
Continental Illinois	17	13	17
Security Pacific	5	13	12

Source: Salomon Bros.

The Comptroller issued detailed guidelines setting out under what circumstances it would be legitimate for a bank not to lump together such loans to government and government-related agencies when applying the 10 per cent rule. In principle a bank was going to be asked to justify loans by showing that the borrower would have the means to service the loan, and also to explain the purpose to which the money was going to be put.

Earlier in the month, however, before the detailed guidelines were brought into effect, he had stated that "the Congress has imposed a 10 per cent limit, which by necessity must be somewhat arbitrary. I think our office can most productively approach the principle of diversification within the constraints of the 10 per cent legal limit through flexibility in interpretation of the ruling." While legally he cannot ignore the 10 per cent rule he is looking again at its detailed application to foreign loans.

This move has eased the anxieties of some bankers as well as those of some heavily borrowed countries, which feared that the rigid implementation of the means and purpose tests would cut them off from some large credit sources.

Conceptual

But the Comptroller made it clear that he was more aware that "our office cannot easily and unthinkingly apply conceptual devices, tested by long domestic regulatory tradition, to international lending activities." He added pointedly: "We have to develop new ones." That is precisely what his office, and the Federal Reserve and the Federal Deposit Insurance Corporation have been doing.

In the spring Quarterly Review of the New York Federal Reserve Board an article entitled "a new supervisory approach to foreign lending," outlined radical initiatives in this field. Key elements in this approach include a move for the first time to co-ordinate the regulatory supervision of the three independent agencies, including the development of a common reporting form. Although this is only being employed on a trial basis by New York Fed, officials emphasise that the three agencies have reached a broad measure of agreement.

Other factors in the new approach will be to lay emphasis on identifying concentrations of lending that seem relatively large in relation to a bank's capital, and also to the economic political and social conditions in the country concerned. The regulators intend to pay close attention to country risk and develop procedures for analysing country risk.

The regulators will also pay close attention to the banks' own expertise. They will not, however, attempt to draw up lists of countries that can or cannot qualify for loans, and officials stress again the flexibility of the new approach.

Feed back

Bankers at this stage seem ready to give the proposals a cautious welcome in principle. They say that they will welcome the feed back which they can expect from regulatory agencies once they have developed a sound understanding of the foreign credit lending scene and have the advantage of being able to see an industry-wide picture. Bankers are hopeful that the system, once working, will inhibit lending only in those cases where loans ought not to be extended anyway.

The catalogue of the bank regulators' concerns about foreign lending is a long one. Mr. Heimann has cited the recent narrowing of rates of return on these loans, lengthening maturities of up to 10 years when measured against the complexity of assessing country risk, the mismatching of maturities of funds and loans, and the fundamental shift to a reliance on the part of sovereign nations on commercial banks for development and balance of payments financing.

Ironically, the public expressions of concern by the regulators are coming at a time when international profits growth for the big banks has slumped from the annual compound rate of 37 per cent through 1970-75 to only 1.8 per cent in 1976 and 8 per cent last year according to a Salomon Brothers study, and at a time when the big banks are beginning to pay closer attention to their domestic market profitability.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND NO. 98 ON PREFERRED STOCK

Dividend No. 98 of three per cent for the six months ending June 30, 1978, has been declared payable on July 21, 1978 to holders of the six per cent cumulative preferred stock who are registered in the books of the Corporation at the close of business on June 16, 1978, and to persons presenting coupon No. 99 detached from stock warrants to bearer. A notice regarding payment of this dividend upon presentation of coupon No. 99 detached from stock warrants to bearer will be published in the press by the London Secretary of the Corporation on or about June 16, 1978.

The stock transfer registers and registers of stockholders will be closed from June 17, 1978 to June 30, 1978, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about July 20, 1978. Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on July 11, 1978 of the rand value of their dividends (less appropriate taxes). Any such stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries on or before June 16, 1978.

The effective rate of non-resident shareholders' tax is 11.0983 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent, TN24 8EQ, England.

By order of the Board
J. T. GOLDFINCH,
Managing Secretary

Head Office:
44 Main Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
EC1P 1AJ

June 6, 1978

SANYO ELECTRIC CO. LTD.

For holders of Curaçao Depositary Receipts a limited number of copies of the annual report for the year ended November 30, 1977, of the above-mentioned company are available at

The Sumitomo Bank, Limited
11 Queen Victoria Street
London EC4N 4TP;

Bank Mees & Hope NV
Pelzerstrasse 2, Hamburg;

Banque de l'Union Européenne
4 Rue Gaillon, Paris 2e;

Morgan Guaranty Trust Company of N.Y.
23 Wall Street, New York, NY 10015;

Bank Mees & Hope NV
Herengracht 548, Amsterdam.

29th May, 1978

هكذا من الأصل

Putting distribution strategy under the microscope

THE PROBLEMS of distribution have seldom been high on the agenda at Board meetings. Yet there is a growing band of people who see it as an increasingly important area for attention at the highest level.

The champions of this cause, most notably the National Economic Development Office's economic development committee (Little Neddy) for international freight movement, believe that as companies find it increasingly difficult to boost efficiency by trimming production and marketing costs still further, they should, as an alternative, put distribution under the microscope.

Giving an idea of the potential benefits of improved distribution, Lord Hayter, chairman of Chubb—and also chairman of a NEDO conference on the subject this month—points out that the cost of distributing goods, including items such as insurance and packaging, can amount to up to one-third of the selling price.

The complexity of distribution in a large or medium sized company can be daunting, and rationalisation does not lend itself to a piecemeal approach. Although obvious bottlenecks and failings can be tackled, experts advocate a long-term scheme aimed at involving a wide range of departments—a strategy borne out by the experience of Monsanto, the chemical company.

NEDO's role in promoting the cause is based on its recent Little Neddy report Trading with Europe: Through Transport and the Total Export Concept. This document will also be the basis of its conference (aimed at senior executives), to be held in London on June 8.

The report itself covers a confusing array of subjects, including marketing, customer service, invoicing policy, education, shipping, Government policy on transport, insurance, exchange control, vehicle weights and even a standard dictionary of trade delivery terms.

But the essence of the report is this: "Chairmen and managing directors too often fail to assemble the right mix of management expertise to make up a really effective export effort. The distributive responsibility is frequently left to middle or junior management.

"There is still a tendency to sell first and think about movement later, but physical distribution should enter into the long and medium term planning of every export activity."

The right way to go about selling abroad, it is suggested, is to set up a system for integrated control and development of production, selling, servicing, financing and distribution under the guidance of top management. This so called Total Export Concept (coined by the freight industry Little Neddy) is now one of the many parts of the Government's industrial strategy.

One company which has been ahead of the game for some

> ‘There is a tendency to sell first and think about movement later’

time is the British subsidiary of Monsanto, the fourth largest chemical company in the U.S. It introduced a system of this kind some 10 years ago, drawing together all the threads of distribution (domestic and export) under a distribution manager who has a direct line to the chairman.

Mr. Roy MacIntosh, the company's present manager of distribution operations (and deputy chairman of the British Shippers Council) believes distribution to be one of a company's most complex areas of operation. "It is like a watch. All the parts must be correctly inter-connected, otherwise it doesn't work," he says.

Monsanto's initial policy on distribution evolved from the fact that, since it involved a lot of expenditure on buying either transport services or equipment, it warranted more management time. It was also recognised that it involved a wide range of company sectors.

Like most companies which have attempted to measure distribution costs, Monsanto also recognised that this is extremely difficult because such costs arise in many places and can be almost impossible to identify.

It therefore introduced, in the style of its U.S. parent company, a central distribution department for Europe (where Monsanto has subsidiaries in most countries) embracing the distribution group which was already established in the UK.

The first step was to discover how the then operating distribution system actually worked and what it cost, with the ultimate aim of achieving an optimum service-cost mix. This then involved the production and marketing sides of the company.

Mr. MacIntosh and his team immediately discovered that many things were done in an irrational way, often because they had always been done that way. Duplication of effort was also found, particularly on data gathering.

"An early objective was to capture data for control purposes, so that central groups could define parameters for operating units. In this way we were able to apply common systems and rules. Once we were all pointing in the same direction it became easier," he says.

An essential part of the present Monsanto system is information. It was regarded as vital that any delay be immediately made known to the customer and a specially developed telex system—based on uniformity of practice—has proved to be the answer.

This took several years to perfect but information on an order from production units is now relayed through centres in London and Brussels to everyone who should be informed of its status, from far-flung agents to those in the local sales distribution chain.

Another complex but essential rationalisation took place on alignment of documents and procedures for export orders, involving a complete integration of a large number of functions.

Mainly because of their high costs, the first companies really to tackle distribution were those in the food industry, Mr. MacIntosh said. Now he believes the trend is gathering momentum, motivated by the need to improve customer service, especially abroad and protect profits from continuing erosion.

The ideal man for a distribution job, he believes, is the professional manager, a pack of all trades; someone who knows about exporting in terms of each of the many strands of distribution from production planning to banking, and is interested in solving problems.

Lorne Barling

No sentimental journey for Geneen

UNACCUSTOMED AS he is to public utterance (outside shareholders' meetings), Harold Geneen, the legendary chairman of International Telephone and Telegraph, has come out in print to dispel his growing reputation as a "softy."

In a letter to Business Week, Geneen denies the magazine's alleged implication in an article on ITT that it is for sentimental reasons that he is reluctant to sell what he calls "losers."

Geneen attributes his policy to "very hard-boiled reasons"—his distaste for "dumping management's mistakes on the stockholder." He prefers to try to restore his lame ducks to good health and future earnings, he says, "or, at worst, restore them to value before disposing of them."

A laudable principle, certainly, but there may be a middle way between impatiently selling off a business as soon as it starts to go sour, and hanging on to a chronic loser for far too long. Much obviously depends on whether one's remedial action looks like paying off, as it did in the case of ITT's Sheraton subsidiary.

David Fishlock reports on how ICI controls its research centre without stifling innovation

Keeping innovative minds on the right track

A RESEARCH centre, in contrast to say a processing plant or assembly line, is a highly flexible industrial resource. Or rather, it should be. Often the problem is how to manage a research centre tuned to medium- and long-term objectives in a way that responds readily to the changing demands of and pressures on industry.

"A lot more of our science ought to be seen and used as a company resource," believes Dr. Charles Suckling, general manager for research and technology of ICI, the £4.7bn. chemicals group. At a time when public expectations of a better way of life are running extremely high, says Dr. Suckling, industry is faced with dwindling resources. Science and scientists form one resource it must learn to use more efficiently.

The testbed for his ideas is ICI's Corporate Laboratory, a research centre near Runcorn set up in the early 1960s. Dr. Suckling admits that in the early days, as research director of Mond Division's laboratories nearby, he was a stern critic of the new laboratory, for what he then saw as poaching upon divisional preserves.

Today the watchword is "relevance." The problem is how to keep some of ICI's most creative minds—for which the Corporate Laboratory is praised by some divisions more than for its inventions, as Dr. David Jones, its research director, ruefully admits, at work on problems relevant to ICI.

One way ICI management tries to ensure that the Corporate Laboratory is no "ivory tower," isolated from business problems, is to have its top management visit regularly. Dr. Alfred Spinks and Mr. Robert Malpas, main Board directors responsible respectively for research and engineering, are frequent visitors. Dr. Suckling himself, recently elected a fellow of the Royal Society, calls regularly once a month. Divisional deputy chairmen and engineering directors are encouraged to keep closely in touch.

Avuncular

But a more subtle way is through "relevance groups"—small groups of divisional directors set up as avuncular critics of some portion of the research programme. They dissuade Dr. Jones and his scientists from chasing, for example, lines of research judged more suitable for one of the other divisions; or to a company other than ICI, where to break in would involve a costly commercial fight for perhaps only a modest share of the market. This kind of problem emerged starkly from the original concept of the research centre, which was essentially to discover or invent new products. Experience showed that the resources which the research centre would require to exploit a new invention would be far beyond any it could reasonably expect to command. There were, admits Suckling, a lot of flops.

To-day the stress is on process technology rather than innovative products; and on the science needed to support seminal advances in the process area. David Jones has a qualified staff of 180, and a budget of just over £5m a year (out of ICI's total research and technology budget of £150m this year.)

Scientifically it is still an exciting place to work. What Jones calls the "fizzy" areas of science exciting the chemical industry's attention to-day include the possibilities of using light rays, electron beams, ions, etc. as parts of to-morrow's process technology.

The idea of using a laser to "zap" a molecule and make it fall apart, by breaking particular chemical bonds, is one which has exercised chemists seriously for only the past year or two. Hardnosed ICI divisional directors were none too enthusiastic about its prospects at first. But interest has grown rapidly as it became more widely appreciated that the laser might be a highly efficient way of injecting energy into a reaction at precisely the point it is needed, rather than at random, as is the case when heat is used to accelerate a reaction.

The Corporate Laboratory,

Terry Kirk

Dr. David Jones—head of research at ICI's Runcorn Laboratory.

working with laser engineers in the department of applied physics at Hull University, has set up a powerful infrared laser as a chemist's research tool. One problem today is that the scientists cannot make a laser that is tunable across the range of infrared frequencies. So their choice of experiments is restricted to molecules which might be excited by the frequencies available.

The best prospects for laser chemistry at present seem to lie in two different directions. One is the purifying of small quantities of a highly-priced compound such as a drug, where an undesirable impurity that is hard to remove might be converted by laser energy into the product itself, or into harmless or more readily removed impurities. The other possibility is as an analytical tool for remotely assaying an impurity, perhaps continuously in controlling quality on a production plant; or for pinpointing leaks of a dangerous chemical at long range, anywhere within a factory fence.

Scientists have made immense strides in recent years in applying novel, high-powered analytical techniques to chemists' problems. Problems of chemical structure and composition which 15-20 years ago might well have taken three years to work out can now be solved in a week using the latest kinds of spectrophotometer. ICI even has some of these instruments on-line in its factories — for example, two X-ray fluorescence spectrometers search for toxic trace metals in a major plastic.

In support of a technology of widespread and growing interest throughout ICI, the Corporate Laboratory has set up an advanced instrument section to explore the potential, and the science that underpins several of these complex and costly techniques. It is research which links them closely with universities, where some of the most adventurous instruments are being developed. It is also research where the expert tends to move with his technique when it is adopted by a division—as was the case recently with ICI plastics division.

The "plant-after-next" thinking that goes on nowadays at board level in ICI requires a constant input of innovation from engineers as well as chemists. The laboratory's engineers are embroiled in the complex relationships between man and computers, not just at business management level but for the plant manager and—still more important—the process operator.

In the chemical industry the operator is highly skilled and accustomed to taking a lot of decisions. So they want to be able to give him, for instance, a pictorial view of his parish, which might show a man just arriving on shift precisely where he has problems. As they see it, the need for the future is to get the operator still more closely involved with the process, by sharing the problems in a man-machine relationship, and not simply to try to solve his problems with machines.

Inventors may be reassured to know, however, that the kind of science that might lead to novel products still goes on in the Corporate Laboratory, as well as in divisional research centres. For several years the laboratory has been exploring the idea of making "2-D crystals"—extremely thin films of fatty acids embodying the kind of "activity" which characterises, say, a transistor, a drug or a pesticide. It has developed very elegant methods of automatically growing films with intriguing electronic and biological properties.

One organic chemical fashioned in this way turns out to have unexpectedly powerful electronic properties — "far better than we'd hoped." The techniques have fascinating possibilities as sensors for many things ICI wants to measure and control. Exploitation—should it ever come to that point—might pose problems, however, for a company which so far has eschewed manufacture of the special crystals of solid-state electronics, on the grounds that the profits lie further downstream.

The Corporate Laboratory is also charged with the task of being the company's main interface with the universities. As one scientist puts it, "when our work leads us into an area of science novel to the company, we look round for assistance. The university people act as gatekeepers for us." Colloid science is a good example of an area of science which only recently has been recognised as common to a great diversity of the company's "recipes"—for paints, dyestuffs, plant protection, even the technology for fermenting protein feedstuffs, now well on the way to becoming a new ICI division.

Under the company's joint research scheme of scientific projects, the cost of which is shared with the university, the Corporate Laboratory has been a partner in one out of every four projects since the scheme was launched in 1974. This year ICI will contribute about £350,000, to be matched by another £300,000 from the universities.

Ambitious

Scientists in industry, Charles Suckling told the Research and Development Society in London recently, were "trying to link the future with here and now." He was certain, he said, that a better scientific understanding of some of industry's problem areas was going to pay off. He advised his audience of research managers to try asking his three basic questions. First, is your research and technology programme relevant to your business objectives? Second, are your business plans ambitious enough? And finally, are you speculative enough—are you giving yourself the chance of making discoveries that could lead to a better business plan?

LOMBARD

Decline of the low profile

BY GEOFFREY OWEN

ONCE UPON a time chief executives of companies were expected to devote all their energies to running the business; as soon as they started accepting part-time government appointments or playing an active role in public life, that was the time to sell the shares. Now we seem to be in a different situation. A growing part of a company's operations—especially if it is a large company—is vulnerable to decisions taken by politicians and bureaucrats. Chief executives cannot afford to be indifferent to the way these decisions are taken; if they want their business to prosper, they must try to influence them. This is not just a matter of a discreet word with a Minister or a Permanent Secretary; on some issues they have to brave the arena of public opinion, abandoning the low profile of their predecessors.

Aggression

The most striking change has taken place in the U.S. Over the last few years politicians, consumerists and trade union lobbyists have been astonished by the new spirit of aggression shown by the business community in pleading its cause in Washington and elsewhere. This is partly a matter of individual companies—Mobil is an outstanding example—deciding to stand up and fight publicly for the issues they believe in. But it has also involved more effective use of trade associations and other representative bodies. Having thrown off their inhibitions about getting involved in politics, many chief executives seem positively to relish the battle. This is particularly true of the Business Roundtable, a grouping of some 190 chief executive officers which includes most of the major U.S. corporations.

Chairman of the Roundtable is Irving Shapiro, chairman of Du Pont, who symbolises more than any other executive the new approach to public affairs. A lawyer with experience in government, he is very different in background and approach from the traditional chief executive of America's largest chemical company. Part of the reason for his appointment was the feeling on the part of the Du Pont board, as Shapiro has put it, that "we need a different kind of leadership, we want a leadership that understands government and the political conditions in the country and can address itself to some of these issues."

As he explained in a recent interview with the Harvard Business Review, Shapiro is a strong opponent of the low profile. "Most businessmen have been afraid of the press, unwilling to subject themselves to public examination on what they're doing and why. They've sought anonymity in the sense that their lives consist of working hard at the office, going to the club to play a round of golf or cards, having a drink and dinner, and then returning to the briefcase full of work. We've got to break that chain. Businessmen have got to get out to where the people are and find out what is on the public's mind."

It has become a cliche to say that the "bottom line" is no longer a company's sole concern, but what Shapiro and others are advocating goes well beyond social responsibility; they want the business community to participate fully in public debate and to help shape the decisions which affect the future of society.

Is this good or bad? In one sense it reflects the fact that big companies, providing jobs, products and services for many thousands of people and enjoying virtually unlimited life, cannot any longer be regarded as private businesses. The men who run them are performing a public responsibility: however difficult it is to define the relationship, they are in some sense answerable to the public at large. As with most other powerful institutions, moreover, the role and legitimacy of the big corporation are increasingly questioned. The big corporation is in politics and it has to learn to play the political game.

The other side of the coin is less attractive. As more business decisions drift towards Whitehall or Washington, the success of a company depends increasingly on its lobbying skills. When, for example, the Federal Government effectively decides what sort of cars can be designed and built, it is hardly surprising that the lobbyist moves up in the pecking order at the expense of the design engineer.

Television

It would be nice to think that the burden of bureaucracy could be lifted, but perhaps its growth simply reflects new demands which cannot be satisfied in any other way. If the people want cars that are safe and pollution-free, only the Government can impose and monitor minimum standards.

Businessmen may have to accept that running a business now has a new dimension—the interface with government—and learn how to deal with the problems that this creates. But one can't help wondering what happens to the old-fashioned skills of making and selling things if the chief executives of the future are men who know little about the business they are in but are experts in the corridors of power and good performers on television.

A wide variety from Down Under

WINE

EDMUND PENNING-ROWSELL

SINCE returning from Australia some weeks ago, I have been asked a good many times, "what are Australian wines like?" It is unfortunate that economic—and, one must add, political—circumstances have made these wines so unfamiliar here as to raise the question. (It can be answered in part at the Australian Wine Centre in Frith Street, W1.) Apart, however, from the limitations that a short if concentrated visit imposes on any answer, the question reveals a wider ignorance. For it is rather like being asked, "what are French wines like?" The only reasonable reply probably for both is "varied, fortunately." For Australian wines would be pretty dull if they were similar all the way from New South Wales to Western Australia.

In fact a considerable variety of wines is produced in this huge country, though not in such sharply distinct, relatively near-together regions as in France. It is the conditions that differ most from Europe, for Australia is not only "down under," but also to some extent "upside down." In other words, conditions are faced that may be the reverse of those obtaining in northern Europe. This is scarcely surprising when it is borne in mind that whereas the latitude of the Rhineland is not much short of 50 degrees north and Bordeaux 45 degrees, the southernmost tip of Australia is no more than 39 degrees south.

Most of the vineyard areas are well north of that: nearer the equator than Algeria, not a country producing exceptional wine.

Accordingly, while north of the Alps and the Pyrenees the growers' problem is often to secure enough grape sugar to transform into alcohol and to avoid an excess of acidity, in Australia the trouble is an excess of heat and a deficiency of acidity; though acid may be added to balance the wine, which is not allowed in Europe. Then, while in northern Europe the vintage may be delayed to obtain greater maturity, in Australia the moment when the grapes should be picked can be critical, to prevent them becoming over-ripe and turning into flabby wine.

In the hot plains of the irrigated area of Victoria, the grapes may arrive at the wineries at temperatures as high as 113 F (45 C), and risk being oxidised even before being crushed. One solution to this is mechanical harvesting at night. With vines specially trained, the machines with three-man teams and powerful headlamps can shake off the grapes and have them delivered to the winery for crushing in the cool of the night within a couple of hours of picking.

Another consequence of the temperature is that many white wines are bottled very early indeed. In April I tasted many 1978 wines already in bottle: Traminers, Sémillons and Chenins.

Irrigation, forbidden in Europe, is essential in areas for the most part originally planted with grapes designed for dried fruit. The results are yields of up to 100 hl. per ha.—double that for French quality wines and for their own non-irrigated areas. Drip-irrigation is allowed too in order to lubricate the parched soil: but adding sugar is forbidden.

Another difference between European and Australian viticulture is that except for a small part of Victoria, there is no phylloxera, so the vines are nearly all ungrafted. Whether the wine is better that way is a matter of controversy, but certainly the ungrafted vines have a longer productive life. So in a "new" wine country as Australia comparitively is, one can find 90-year-old vines hale and hearty.

A much more recent difference among consumers is the relative poularity of red and white wine. In Europe, outside the specialist and fine white wine areas, the accent tends to be on red wine, and the problem of selling white has led to replanting with red wine grapes. In Australia the rapid expansion of dry table wine drinking from the late Sixties onwards was based on red wine. Then as recently as 1975 white wine demand suddenly shot ahead to the detriment of red so the replanting there is going in the opposite direction.

This is partly attributable to the attraction of cool white wine in the hot months; especially from the one-gallon so-called "casks"—in fact plastic bags with a tap, encased in a box—that can be left in the refrigerator, and which now have a startling 25 per cent of the market.

The red wines also suffered from a widely-publicised suggestion at a conference of biochemists a few years ago that they contained histamines producing after-effects; though others attributed these to the large amounts commonly downed by Australian drinkers.

What is true is that many Australian red wines are powerful and somewhat aggressive when young and in this state are less acceptable in a hot climate.

The most planted red-wine grape is the Shiraz, the Syrah of the Rhône, and it makes a tough wine unless aged or blended with the product of the Cabernet-Sauvignon or Malbec of Bordeaux or the Pinot Noir of Burgundy. Even then it needs time to mature, but problems of finance and of recent tax legislation, that threatened to up-value stocks, encouraged wine-makers, large and small, to release their wines on to the market as soon as possible. Although there are an unusual number of avid vintage wine "collectors" in Australia prepared to hold wine, obviously they are a small minority.

Much as I enjoyed mature Shiraz and Shiraz blends, I liked best several excellent pure Cabernet-Sauvignon wines. They are produced in many areas, including the Hunter Valley—one of whose celebrated personalities, Dr. Max Lake proprietor of Lake's Folly, has recently written a book on the Cabernet—in Coonewarra and in a very promising new vineyard area in the extreme south-west of Western Australia, known as the Margaret River. I drank some elegant easy-to-drink claret type '75s and '76s. Unfortunately the Cabernet-Sauvignon grape is a shy yielder, and therefore expensive to produce.

It is common to hear that Australian white wines are superior to the reds. Although the former are often easier to drink when young, fresh and cool, and there are others that mature very well in the style of good white burgundy, I am not convinced that the reds are inferior. When made and blended to be a little less powerful—that other Bordeaux grape the soft-style Merlot is now going into production here and there—and if allowed to mature, I believe that they would be found at least the essential complement to the better white wines, and for my part probably more satisfying. But then I must admit in general to prefer red to white. Special occasions and circumstances apart, it is a sound rule in Australia as elsewhere that a glass of white wine should be followed by one of red.

Big Derby, small Oaks line-up

RACING

BY DOMINIC WIGAN

THERE COULD hardly be a bigger contrast in terms of size than in the respective fields for this year's Derby and Oaks. A near maximum 29 are expected to line up for Wednesday's classic, while it now appears possible that just a dozen will contest Saturday's 200th running of the Oaks.

Those with jockeys already booked in the fillies' classic are the favourite, Dancing Maid (Freddie Head), Fair Salinia (Greville Starkey), Princes Eboli (Geoff Lewis), Seraphima (Pat Eddery), Sofala (Paul Cook), Tartan Pimpernel (Willie Carson), Upper Deck (Lester Piggott) and Varishkina (Joe Mercer).

As is the case with the Derby, trainers of Oaks candidates seem surpisingly optimistic this year, despite the presence of France's Poule d'Essai des Pouliches winner, and it will be interesting to see if anyone's confidence proves justified.

One handler who makes no secret of the enthusiasm with which he views the race is Henry Cecil, the trainer of Varishkina. His good-looking filly by Derring-Do, out of his father-in-law Noel Murless's Oaks third of 12 years ago, Varinia III, did well to finish third of nine behind Princess of Man and Sofala in the Musidora Stakes at York last month, after being hampered by Swiss Maid 2½ furlongs out.

Varishkina has been working well ever since that race, and fellow Newmarket trainer Luca Cumani, whose Freeze the Secret went so close 12 months ago, told me yesterday that he would not be surprised to see her win. The Cecil filly apparently went extremely well in her home work on Saturday.

Incidentally, Cumani will again be represented. He saddles Spring in Deepsea, who was sickening for a virus when so disappointing in the Tote Free Handicap, for which she was a hot favourite. Spring in Deepsea, whose excessive count of white blood corpuscles (built up to fight the virus) is now back to normal, is another in fine trim and could represent each-way value at odds of about 20-1.

SALISBURY
2.00—Mary's Bazaar**
2.30—Halatch
3.00—Northanger***
3.30—Silette*
4.00—Sweet Relief
4.30—Court Leet

Motor Show organisers optimistic

BY OUR MIDLANDS STAFF

THE waiting list for October's International Motor Show exceed 50 organisations. All 1m sq ft of space at the National Exhibition Centre near Birmingham has been taken.

The Society of Motor Manufacturers and Traders, which had misgivings at leaving Earls Court, London, the traditional home of the show, is becoming increasingly confident that the 1976 attendance of 466,777—the highest since 1971—will be exceeded.

At the National Exhibition Centre the society is able for the first time to hold a simultaneous show for the four major elements of the industry—cars, trucks, caravans, and components and accessories.

The 14,000 registered trade visitors to the 1976 motor and commercial vehicle shows together is expected to be easily exceeded. About 20,000 or more are expected. The show is now held at two year intervals in common with other major European shows.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University. 9.38 For Schools, Colleges. 1.30 pm Ragtime. 1.45 News. 2.00 You and Me. 2.40 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. †4.20 Champion the Wonder Horse. 4.45 Goober and the Ghost Chasers. 5.05 Stopwatch (series). 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 The Standard.
7.35 The Goodies (BBC prize-winning show).
8.00 Fawlty Towers (BBC prize-winning show).
8.35 World Cup Grandstand! Italy v Hungary (highlights)), Mexico v W. Germany and Poland v Tunisia (highlights), including 9.30 News Headlines.
10.35 Tonight.
11.00 World Cup Grandstand: Argentina v France and Italy v Hungary, Mexico v W Germany, Poland v Tunisia (highlights).
1.25-1.30 am Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. 1.25 am News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 1.25 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 1.25 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University.
10.20 Worktalk.
11.00 Play School (as BBC-1 3.55 pm).
2.20 Having a Baby.
6.10 Open University.
7.00 News On 2 Headlines.
7.05 A Woman's Place.
7.30 News On 2.
7.35 Airport.
8.25 The Owl Who Married A Goose (cartoon).
8.35 Rhoda.
9.00 News.
9.25 Living On The Land.
9.50 The Old Grey Whistle Test.
11.00 Late News On 2.
†11.05 "Alexander's Ragtime Band," starring Tyrone Power and Alice Faye.

BBC-2 Wales only—7.05-7.30 pm Heddiw. 12.50-1.15 am A Woman's Place.

LONDON

9.30 am Schools Programmes. 11.55 Beany and Cecil Cartoon. 12.00 Issi Nobo. 12.10 pm Stepping Stones. 12.30 News, plus FT index. 12.55 Help! 1.00 Parents Day. 1.30 The Rocking Horse Winner. 2.00 After Noon. 2.30 Red Letter Day. 3.25 Once In A Lifetime. 4.10 Cartoon Time. 4.20 Paul. 4.45 Magpie In France.
5.15 News.
5.30 World Cup '78: Italy v Hungary.
7.40 Charlie's Angels.
8.40 World Cup '78: Poland v Tunisia.
10.45 News.
11.15 "Shamus," starring Burt Reynolds.
1.00 am Close: A painting by Remrandt with music by Beethoven.

All IBA Regions as London except at the following times:—

ANGLIA

12.55 p.m. Anglia News. 2.00 Houseparty. 4.45 About Anglia. 1.00 a.m. Anthology.

ATV

12.50 p.m. ATV Newsdesk. 4.05 Professor Balthazar. 4.45 ATV Today.

BORDER

†12.50 p.m. Border News. 2.00 Houseparty. 4.45 Lookaround Tuesday. †11.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 6.30 Channel News Headlines. 7.40 Channel Report. 8.10 Treasure Hunt. 117.12 Channel Late News. 1.00 a.m. Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 a.m. First Thing. 12.50 p.m. Grampian News Headlines. 4.45 Country Focus. 5.05 Grampian Today. 1.00 a.m. Reflections. 1.05 Grampian Late Night Headlines.

GRANADA

12.50 p.m. This Is Your Right. 4.45 What's New Special. 5.10 Granada News.

HTV

12.50 p.m. Report West Headlines. 12.55 Report Wales Headlines. 2.00 Houseparty. 7.40 Report West. 8.05 Report Wales. 8.25 Just Jane.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 p.m. Penawdau Newyddion y Dydd. 4.10-4.45 Mordaith. 7.40-8.05 Y Dydd.

HTV West—As HTV General Service except: 12.50-1.00 p.m. Report West Headlines. 8.05-8.25 Report West.

SCOTTISH

12.50 p.m. News and Road Report. 1.30 What's Your Problem? 4.45 Scotland Today. 1.00 a.m. Late Call.

SOUTHERN

12.50 p.m. Southern News. 2.00 Houseparty. 4.45 Day by Day.

TYNE TEES

9.25 a.m. The Good Word followed by North East News Headlines. 12.50 p.m. North East News and Lookaround. 4.45 Northern Life. 1.00 a.m. Epilogue.

ULSTER

12.50 p.m. Lunchtime. 4.45 Lets Look at Ulster. 5.05 Reports. 1.00 a.m. News at Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 12.50 Westward News Headlines. 7.40 Westward Diary. 8.10 Treasure Hunt. 11.12 Westward Late News. 1.00 a.m. Faith for Life.

YORKSHIRE

12.50 p.m. Calendar News. 4.45 Calendar.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.00 With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.33 World Cup Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On the Third Beat (S). 8.02 Nordring Rendezvous (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three in a Row. 10.30 The Steptoe Saga. 11.02 Sports Desk. 11.15 Brian Matthew introduces Round Midnight, including 12.00 News and 1.15 a.m. Sports Desk. 2.00-2.02 News Summary.

RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 9.55 Richards Piano Quartet (S). 6.30 Lifelines: Work and Training. 7.30 The Art of . . . Karl Erb. 8.00 London Symphony Orchestra part 1, Brahms, Liszt (S). 8.30 A Promenade of Resorts, part 3. Morecambe. 8.50 London Symphony Orchestra part 2: Prokofiev (S). 9.45 "The Lunaticks," by Desmond King-Hele (S). 10.45 Kenneth Leighton cello and piano recital (S). 11.35 News. 11.40-11.45 Tonight's Schubert Song on record.

VHF—6.00 a.m. Open University. 7.00 With M.W. 10.55 Ludwig Streicher concert (S). 11.25 Strauss Songs (S). 12.10 p.m. Aram Khachaturyan concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 Aram Khachaturyan part 2 (S). 2.10 Schubert from Bristol (S). 3.05 A Little Light Music (S). 4.05 Debussy piano recital (S). 5.15 Jazz Today (S). 5.45 Open University. 7.30 With M/W.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour including News headlines, weather, papers, sport, and Prayer for the Day. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 8.00 News. 8.10 Today, including 8.35 News headlines, weather, papers, sport. 8.45 A Handful of Dust. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Heroes for a Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Profile. 12.00 News. 12.02 p.m. You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Questions to the Prime Minister "live" from the House of Commons. 3.35 Money Box. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather; programme news. 6.00 News. 6.30 Many a Slip. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Mahler Needs a Jumbo. 8.00 London Symphony Orchestra: as Radio 3 (S). 9.50 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 10.50 Strange to Relate. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Stop, Look, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 a.m. Question Time from the House of Commons. 1.05-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

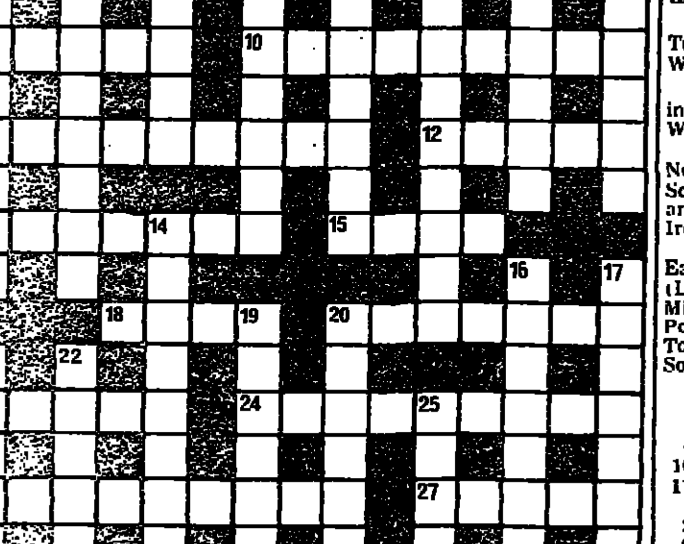
5.00 a.m. Morning Music. 6.00 A.M.: non-stop news, information, travel, sport and review. 10.00 Brian Hayes Show. 1.00 p.m. LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline with Bryn Jones. 1.00 a.m. Night Extra with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 London Today (S). 7.30 Set Book Repeat (S)—"The Caretaker." 8.00 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

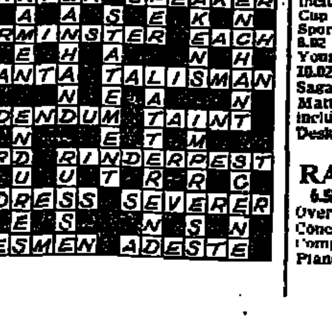
F.T. CROSSWORD PUZZLE No. 3,685



ACROSS
1 Incitement for professional to go to work (11)
7 & 28 Cover communist enmity (6)
9 Bluster is rot or could be (5)
10 To insert article inside can amuse (9)
11 Seat from which it is simple to control meeting (4-5)
12 A goddess to 10 (5)
13 The cost of loading Warrant Officer back in old transport (7)
15 Mother in the ocean (4)
18 Land that lies badly (4)
20 No quarts here (4-3)
23 Mistake made by some of terrorists (5)
24 Apt peeler possibly for fruit producer (5-4)
26 The painter's illness? (9)
27 Beat poetically through bandleader (5)
28 See 7 across
29 Board accepts motive that is treacherous (11)

DOWN
1 Wayward according to a bit of poetry (8)
2 What's left out is nothing to embassy (8)
3 Eye on unusual topic (5)
4 Mean to suggest how old we are (7)
5 Bury one Frenchman in the meantime (7)
6 Commentary about a Rolls-Royce in race (9)
7 Wrongly shut A1 gap (6)
8 2½p used to be enough for a leather worker (6)
14 Able to take up but not present to accept a bit of the regalia (9)
16 A bit of pork for lean wife (5-3)
17 Dithering about mixing malt beer (8)
19 Without enough warning (7)
20 Father mixed syrup for ancient writing material (7)
21 Principal first-violinist has to glance sideways to take in notice (6)
22 Nosed round pole and forced open (6)
25 Consumed some of meat endlessly (5)

SOLUTION TO PUZZLE No. 3,684



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هكذا من الأصل

Cannes Film Festival

It's a Woman's World

by NIGEL ANDREWS

In a desperate attempt to impose order and logic on the cultural whirligig that is a film festival, critics often try to discern prevailing themes that exist only in their fevered imaginations: Black power will be touted as the common concern one year, gay liberation another, Third World unrest another still.

This year, for once, the prevailing theme did not have to be searched for or invented—it sat up and begged to be noticed. Cannes 1978 was the Year of the Woman. All the best films in the Directors' Fortnight were about women: many or most of the Competition films had a female leading character: and women even went so far in some films as to try on the role of sexual aggressor. In Mark Rappoport's *The Scenic Route*, a girl propositioned by a man on a sidewalk responds by pushing her would-be seducer to the ground and returning his sexual interest with a vengeance. In Marco Ferreri's *Ciao Maschio (Bye Bye Monkey)*, Gerard Depardieu (who in Ferreri's last film was driven to self-emasculation by the torments of the opposite sex) is knocked out as a prelude to sexual assault by a group of actresses. And one film, by Finnish director Jorn Donner, even boasted the title—rashly provocative, one would have thought—*Men Can't be Raped*.

A male critic obviously has to tread carefully through the guerrilla country of present-day movie-making. Sniper's bullets will wing towards him if he exposes the smallest area of sexist prejudice. It is with relief, therefore, that I can pronounce most of the feminist, or quasi-feminist movies at Cannes this year to be excellent works in their own right, and films miraculously free of cant or dogmatism.

The "sleeper" of the festival was Claudia Weill's *Girlfriends*. This mini-budget film recounts the adventures of a young Jewish girl in New York, and her sad-funny attempts to cope with the everyday crises of disrupted friendship (her best friend and flat-sharer leaves to get married), career disappointments (she is an aspiring photographer) and an on-off affair with a young student. The film has a throwaway humour compounded equally of Jewish self-deprecation (*à la* Woody Allen) and the impromptu, spiralling confusions of everyday living. It also has a wonderful performance—tousled and *jolie-laide*—by Melanie Mayron in the main role.

Girlfriends got the warmest reception of any film in the Directors' Fortnight. In the Competition, the most popular film was Ferreri's *Ciao Maschio*. Ferreri last exercised his talent to outrage in *L'Ultima Donna* (which featured Depardieu's self-multilation), and before that he made his overblown hymn to overeating, *La Grande Bouffe*.

Ciao Maschio is less aggressively eager to shock than either: a rambling, scatty, likable film, set in New York and unfolding a parable of anthropological regression. The male characters all hark back to some lost Golden Age. Depardieu, the hero, finds Darwinian companionship in a young monkey whom he adopts, after it has crawled from the giant arms of a King Kong sprawled mysteriously at the foot of the World Trade Centre. James Coco, boss of a Wax Museum dedicated to Ancient History (where Depardieu works as handyman), pines nostalgically for the glory that was Greece and Rome. And the third principal, Marcello Mastroianni, is an aging Italian emigré, homesick equally for his farm in pre-socialist Italy and for his lost sexual potency. The only militant and forward-looking characters in the film are the women; Depardieu's girl-friend (neglected and finally abandoned for the monkey) and the all-female theatre group to which she belongs. The film is funny, provoking and inventive, and it deserves a speedy visit to London.

The other outstanding Competition film, and this year's Grand Prix winner, was also from Italy: Ermanno Olmi's *L'Albero Degli Zoccoli (The Tree of Clogs)*. This is a three-hour fresco of peasant life, set in a village in Northern Italy (circa 1900) and acted by the present-day villagers themselves.

Olmi made his name in the 1960s with such tender-austere slices of life as *Il Posto* and *I Fidanzati*, and he employs the same low-key realism here. But the length of the film, the radiant colour photography, and the use of music by Bach and Mozart give the simple subject a majestic resonance. There is no central story, rather an interweaving of numerous small ones: a widow who struggles against the economic necessity of sending two of her six children to an orphanage, an old man who hides a stolen coin under a horse's hoof (and then screams "Thief" at the horse when he cannot find it the next day), a man who is banished from the village by the local landlord-seigneur for cutting down a tree to make shoes for his child (hence the film title.) The film is discernibly socialist in purpose but unlike Bertolucci's *1900* it does not stand over the film-goer with a big stick telling him what to think, or which of the film's characters are the heroes, which the villains. Olmi lovingly, immaculately draws the picture of an age, and the audience is left to draw its own moral and political conclusions.

The collective revelation of the Cannes festival was the Australian entry. For the first time ever, an Australian director had a film in the Main Competition (Fred Schepisi's *The Chant of Jimmie Blacksmith*), and at least half a dozen other films from Down Under made an impact elsewhere in the festival.

The best of them was *In Search of Anna*: and I intend to go on harassing English distributors until it is brought to London. The film tells the story of a young man who tries to pick up the threads of his life after coming out from a six-year prison sentence. He searches for his former girl friend, "Anna;" and he seeks to revenge himself on the man who betrayed him into the hands of the police. During his wanderings he also meets and has an affair with a young Australian girl.

The story is plain, but the treatment is dazzling. Writer-director Esben Storm has taken to heart Godard's famous dictum, "A film must have a beginning, a middle and an end, but not necessarily in that order." He cross-cuts between different episodes, and different time levels, so as first to disorient the viewer, then to stimulate him into seeing meanings and connections that a more linear approach would have blurred. The film's story changes before our eyes from a routine thriller-cum-love-story to an Antonioni-like journey of the mind. Does Anna really exist? Has the six-year "void" in the hero's life left his needs and values unchanged, or must he adjust to a new life and an almost new identity?

In Search of Anna seemed to me the most purposefully original new film in Cannes. Schepisi's *The Chant of Jimmie Blacksmith* is a bigger, glossier film made with pictorial bravura and vivid performances. But Schepisi gives his period tale of a white-Aborigine half-cast who rebels against his colonial masters a straightforward narrative treatment that demotes it to the level of a stylish pot-boiler. Much more impressive was Philip Noyce's *Newsfront*, shown in the Australian section of the festival "market." This is an energetic and fascinatingly detailed account of the work of the news-reel companies in post-war Australia: of their cameramen's courage and ruthlessness in pursuing scoop material, and of the gradual erosion of their professional lives by the rise of television.

No festival round-up is complete without a short- list of curios and collector's pieces: those films that are not quite successes nor exactly failures, but which in a perfect world would come to cinemas for curiosity value alone.

Norway's *The Offering* rambles through its minimal plot, about a middle-aged married lady living through the heartaches and sexual insecurity of menopause, in disconcertingly degage a manner. But the mixture of pathos and offhand comedy slowly wins one round, and Marie Takvam's performance as the heroine is a masterpiece of plump, fuddled, touching bemusement.

Two exotic disasters came from French directors working in America. Louis Malle's *Pretty Baby* is set in a New Orleans brothel at the turn of the century. It tells the story of a sexy twelve-year-old (Brooke Shields) who is the apple not only of her prostitute mother's eye (Susan Sarandon) but of most of the brothel clients as well (including Keith Carradine, who whisks her off midway through the film to live with him). The story is sub-sub-Tennessee Williams, and the Deep South accents deserve an award for hideous tenacity, but the film is not without its intermittent—and often inadvertent—moments.

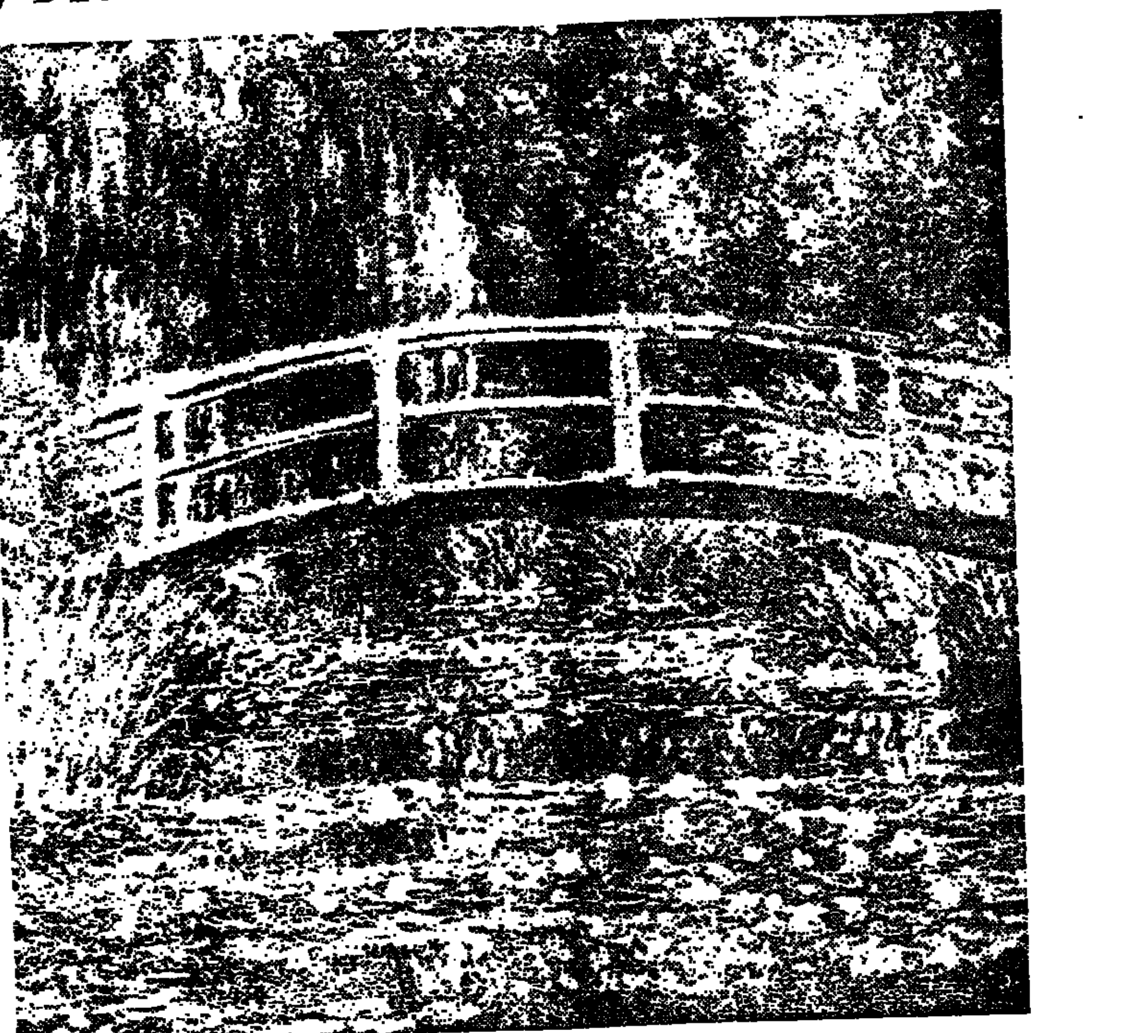
Claude Chabrol's *Blood Relatives* has one redeeming merit only: the rangy, sombre performance of Donald Sutherland as a New York detective trying to solve a nasty mutilation-and-murder case. Elsewhere Chabrol's direction of this Ed McBain thriller looks like beginner's work. The unimaginative mise-en-scene is compounded by ghastly American dubbing (Stephane Audran speaks fish-wife Brooklynese), and by much ketchup and overacting during the scenes of violence.

Gerard Depardieu and wax figures in 'Ciao Maschio'

Metropolitan Museum, New York

Monet—The Last Years

by DENYS SUTTON, Editor of Apollo



Claude Monet's 'Waterlilies and Japanese Bridge'

So much has been written about Impressionism that it seems hard to believe that anything more of significance can be said about the movement. This is far from being the case: fresh facts emerge about the lives of the main artists and new interpretations of their work are advanced. The time will soon be to hand when the history of Impressionism, like that of 19th century art as a whole, will require to be re-written.

Claude Monet is an exceptionally interesting example of an artist whose career and art seems so familiar. In fact it is only relatively recently that the details of his life are becoming known. The fact of his *ménage à trois* with his wife and Mme. Hoschede only became properly realised with the publication of the first volume of Daniel Wildenstein's book on the artist. Much remains to be written, not only about his later life, but about his psychology.

Monet's painting has been shown frequently in recent years. As far as concerns the U.S., Monet has always been a popular artist, and he was admired there in his lifetime. For many New Englanders at the turn of the century, Monet held a position rather analogous to that occupied by J. F. Millet a generation earlier. The nature of the *rapport* between Americans and Monet's paintings may well lie in the sense of mysterious space that often characterises his works and which also occurs in American art—Whistler's nocturnes, for instance.

A decade or so ago Monet was considered as a precursor of action painting. That this claim has small substance is shown by the remarkable exhibition devoted to Monet at Giverny, now at The Metropolitan Museum of Art, New York and later to be on view at the St. Louis Art Museum.

The exhibition is clearly presented and includes a number of little-known items, among them works from the Musée Marmottan, that can be seen far more effectively in New York than in Paris. It has an excellent catalogue with a preface by Daniel Wildenstein and it will surely lead to a new interpretation of Monet's final period. Monet comes across as one of those dynamic artists — Wagner and Rodin were two others—who were typical of Victorian civilisation.

He moved to Giverny in 1883 and lived there for the rest of his life. As time went on, he became increasingly attracted by creating a natural setting that accorded with his own vision. In effect, Monet made two gardens, the first of which, close to the house, was planted with colourful flowers that changed with the seasons. The second contained the famous water-lilies and the Japanese bridge and was thus a more contrived affair than the first. One of Monet's friends, Octave Mirbeau, the journalist and novelist, was also a keen gardener.

The New York show contains pictures inspired by Monet's gardens and other works painted from the 1880s onwards. Thus it is possible to see the way in which this fertile artist evolved over some 40 years, and to assess the nature of his effects. The word "effect" is used deliberately, for with Monet one is conscious that he was not quite such a spontaneous artist as might be suggested by the lyrical quality of his early work. Monet was a typical French artist in the sense that he believed that "reason" should control design and colour: this was even true at the end of his long career, when his effects became astonishingly free. His liberty of expression was directed by a sense for pictorial design.

Monet derived intense inspiration from nature. This is evident in his straightforward pictures of the Seine and even some of those representing the Japanese bridge; it is no less so in those in which the contemplation, and memory, of Nature spurred him on to create colour harmonies or discords—powerful reds and mauves, greens and mauves.

The variety of Monet's paintings is astonishing and exhilarating. He was a life-enhancer. He could produce exquisite mood pictures, such as those of the Seine done in the 1890s that hark back to the idyllic canvases of Claude and Corot, and which could serve as backcloths for a production of Debussy's *Pelléas et Mélisande* (1902). Other more vibrant pictures have the rhythmical surge of *The Rite of Spring*. Some of his paintings of the Giverny gardens done in the 1920s possess the sort of intensity associated with landscapes of Soutine.

This exhibition shows that by some strange and unexplained process of empathy, Monet was in tune with different artistic processes: the avant-garde impressionist in turn became a symbolist, an art nouveau designer and an "expressionist"; in each instance, he turned to nature for inspiration.

Monet was also in accord with tradition. The pretty and almost pastel-like roundel *Water-Lilies* of 1907, could hang in an 18th-century salon. He can only be properly understood if he is placed in the tradition of Vouet, Boucher and Fragonard. Monet the adventurer was also Monet the traditionalist.

He is one of the most pleasure-giving artists of all times, even though some of his works possess a touch of melancholy. His ability to offer visual pleasure lay in his gift for conveying his passion for colour. He is a magician who leads us into a world in which rich and unexpected tones are presented for our delectation: we are made free of floating colours. We can luxuriate in this oasis, aware that in so doing, trials and tribulations are forgotten.

Christ Church, Spitalfields

Early Music

by RONALD CRICHTON

Though restoration and redecoration have a long way to go, and the lighting has an air of improvisation, the great Hawksmoor church off Commercial Street is alive again with people making and enjoying good music. All this week there is an Early Music Festival under the direction of Richard Hickox, with lunchtime concerts today and Thursday, and a bigger event each evening. No room to list them all, but they include a Lawes programme tomorrow, Dufay and Josquin on Thursday, and on Saturday Handel's *Saul*. The venture deserves support, not only for the sake of the architecture but because Christ Church might become the St. John's of East London. Spitalfields may sound outlandishly distant, but it is only a short walk from Liverpool Street.

Mr. Hickox, conducting his Singers and Orchestra, opened the Festival on Sunday with an inspiriting programme of Purcell, Bach and Handel. The height of the building lends a peculiar kind of burnish to the sound of voices and instruments, kinder to top lines than to low ones. The excellent sopranos and altos were at the same time full and penetrating in a way that made the semitonal clashes in Purcell (The Coronation Anthem, "My Heart is Inditing") and Handel (*Dixit Dominus*) unusually telling.

Bach (The motet *Singet dem Herrn*) really needs a more sedate acoustic, and here, with the chamber organ only making itself heard with a little toot now and then, one felt a certain under-nourishment in the bass. Nevertheless the emotional core of these three diversely brilliant and affecting works came over strongly. The numerous soloists in the Handel were drawn from the choir. One of them, Elizabeth Lane, must be mentioned because she sounded much happier here than in the Bath Festival performance a few nights ago of Mozart's *Der Schauspieldirektor*.

Festival Hall

LSO/Abbado

by MAX LOPPERT

A very fine account of *A Survivor from Warsaw* on Sunday evening, bringing with it the hope of many more fine Schoenberg performances once Claudio Abbado has taken over the conductorship of the London Symphony Orchestra next year. In Abbado's direction, there was immediately apparent the blend of lucidity, intensity, and moral conviction that all Schoenberg interpreters are required to possess. Seldom is that possession a more urgent necessity than in this harrowing minature, Schoenberg's Op. 46, in which the expressionist gesture of the early music and the greater formal orderliness of the "classical" period find newly powerful and concentrated fusion.

A Survivor from Warsaw raises many complex and uncomfortable questions at the start of a concert devoted to Mozart and Chaikovsky. It was to the credit of Abbado, the LSO and men of the LSO chorus, and John Shirley-Quirk (darkly forceful and noble of style in the narrations, an obvious future candidate for the role of Schoenberg's Moses) that the musical and dramatic values of the piece were given equal expression, when the impact of the text could easily be made the excuse for sloppy musical articulation.

By contrast, Abbado has never seemed a entirely idiomatic Mozartian, and although he and the orchestra provided dutiful accompaniment in the E flat Concerto K271, naturalness and ease of style were conspicuously lacking. Their task was not made any easier by the fact that Alfred Brendel was on quirky, self-regarding form. Some phrases were muffled, oddly withdrawn, gingerly toyed with, alongside others that sparkled and shone. In the A flat *romanza* of the last movement, the performance suddenly fell into place—almost too late.

Elizabeth Hall

Nash Ensemble

by DAVID MURRAY

An advertisement in the programme for Sunday night referred to the Nash Ensemble as "Britain's foremost chamber group." By the end of the concert the claim did not seem contentious in the least between solo virtuosity and collective assurance, with and without a conductor, the strengths of the Ensemble are formidable. Typically, they enlisted a conductor only where he could make a positive contribution. Simon Rattle led them in an astringently brilliant account of Stravinsky's *Histoire du Soldat* Suite, its wit honed to a lethal edge, and he returned later to secure a liquid translucence for the plangent scoring of Ravel's three Mallarmé songs.

Felicity Palmer, in sumptuous voice, was the soloist in those and in the same composer's *Chansons Madécasses*. Her full-bloodedly operatic delivery of the latter did not expunge the memory of an earlier Nash performance of the cycle, when Jane Manning offered rare insights into the songs on a chamber-scale; but her elegance and sensuous intelligence in the Mallarmé set proved ideal, the verbal ironies perfectly placed in a ravishing melodic line. Miss Palmer's command of the French repertoire grows steadily more impressive, and in this middle-period Ravel masterpiece she would be hard to match. Supporting her, the Nash players were as discreet and delicate as in the Stravinsky they had been gleefully aggressive.

Antony Pay's playing of Stravinsky's three 1919 pieces for solo clarinet has become a superb party-piece, full of quirky humour and executed with breathtaking despatch. (Why on earth does he still play from the score?) In this programme, the second piece revealed its kinship with the *Histoire du Soldat* unambiguously; the third remains a uniquely delightful turn. But given a concert so rich in vivid solo contributions (Marcia Crayford's fierce bite in the Devil's fiddle music of *L'Histoire*, Ian Brown's confident grip on the piano-part of Webern's arrangement of the Schoenberg *Kammersymphonie*) individual mentions seem invidious. At least there is sufficient excuse for praising Skaila Kanga's performance of the masterpiece of the harp repertoire, Ravel's *Introduction and Allegro*: it always sounds irresistible in concert, but besides the essential lucidity and shapeliness Miss Kanga brought to it an unusual energy—not a natural endowment of the harp—which was very welcome. No effect of languid indulgence; the music seemed purposeful and compact, as communicatively intense as everything else in this splendid concert.

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Profits, wages and investment

THE RATHER satisfactory figures for investment intentions published by the Department of Industry yesterday, and the highly exaggerated wage claim agreed by the Ford shop stewards at the weekend are on the face of it contradictory developments—one a promise for the future, and the others a warning. Both, however, are really aspects of the same thing: the recovery of industrial profits from their dangerously low levels of recent years. Profits finance investment; but they also, and especially in the absence of inflation accounting, provoke wage claims. If such claims were conceded, any benefit from the profits recovery would be very short-lived. This is the dilemma for government, management and unions.

Confidence

The investment intentions figures themselves confirm those produced by a similar inquiry in the closing months of 1977, and suggest on the face of it that industrial confidence, once restored, is a good deal more robust than confidence in the financial markets. Politicians have indeed indulged in a good deal of moralising on these lines ever since the contrast between real growth and financial nervousness first became marked, when Mr. Edward Heath was Prime Minister; but there is much less in the contrast than meets the eye. Investment spending has become more and more a reflection of the flow of investment funds through retained earnings in an earlier period. The market reflects estimates of the same flow in future. Investment looks back to the profit recovery, the market senses the inflationary dangers.

In a healthier economy industry's spending would be determined much more by its own view of the future than by the availability of internally generated funds; but inflation and high nominal interest rates have virtually cut industry off from any external source of long term funds (except Government support for lame ducks). Inflation has also made the future real value of financial securities highly uncertain, and securities can only be bought out of taxed income; investment in plant and, since 1974, in stocks, attracts relief from Corporation Tax.

In such circumstances a rise in profits is essential for any increase in investment; and conversely, investment is almost certain to rise if profits do recover. Unfortunately investment made in such circumstances, which does not necessarily reflect an assessment of future prospects, may also prove relatively unrewarding. The disappointing return on investment in recent years is part of the same picture.

With this *caveat* strongly in mind, one can still give a quiet welcome to the fact that investment in real terms is recovering strongly. For manufacturing and services combined—and the borderline is blurred by the rapid growth of leasing—the increase will be rather over 9 per cent in real terms for the second successive year, and the level for 1978 will be near an all-time peak, and some 6½ per cent higher than in 1970. For manufacturing alone the recent growth is rather faster, with an expected rise of over 20 per cent from the 1976 trough—a reflection of the programmes of large companies; but the total volume is still well below the 1970 level, partly because of the shift into leasing. There is still little sign of outright expansion but at least potential productive efficiency should benefit.

Stability

The future danger of an inflationary rise in costs is harder to assess. The previous peaks in investment spending, in 1970 and 1974, presaged periods of inflationary recession. There are two reasons to hope that we might escape from this unhappy pattern this time. Bitter experience of inflation and unemployment seems to have undermined shop floor support for the sillier forms of militancy, at least for the time being; and thanks to North Sea oil, real incomes are rising rather than falling. These are very limited comforts. It will only be when financial stability is restored, and when industrial management can control its costs, take a long-term view of its investment decisions, and present accounts of its current performance in realistic terms, that it will be possible to take unmixed pleasure in good investment figures.

Price freedom in France

M. RAYMOND BARRE, the French Prime Minister, has never made any secret of his belief that France could only be restored to economic health by a steadfast policy of countering inflation, and above all that such a policy could not be accomplished overnight. His initial success in curbing the rate of increase in the consumer price index was enough to give the government a solid victory in the March general elections. Since then however he has articulated a number of applications of his policy which are unlikely to seem, to the man in the street, to be compatible with his anti-inflationary aims, and which also give a low priority to the reduction of unemployment. The government's popularity will be on serious trial during the next few months; whether the President will be prepared to stick to the present economic strategy long enough to make it work is open to speculation.

Centrepiece

The decision to remove the price controls which has since time immemorial been a centrepiece of French economic practice is reasonable from a number of points of view. The prices of certain public services have been held down only at the cost of substantial state subsidies, while the controls on private sector prices have artificially compressed business profit margins and may have prevented new productive investment. Companies' internally generated investment funds have fallen steeply in recent years, while interest charges on company debt has risen equally steeply. Last year foreign sales accounted for 50 per cent of the output of St. Gobain-Pont à Mousson, and 94 per cent of its profits. There is an obvious case for gradually allowing the private sector to rebuild its profit margins, and for encouraging equity investment by ordinary shareholders.

The French unions may not take quite same view of a policy intended to improve company profits, while a firm control is kept of wage increases. Already the April price index has shown the first signs of a quicker upward movement, even before the removal of price controls started to bite, and there can be little doubt that the next five months will witness an acceleration. Mr. Barre's policy is that wages should keep pace with consumer prices, and that the underlying inflationary pressures should be kept in check by credit control.

Unemployment

Until recently the trades unions have been remarkably quiescent, but even such an outstandingly moderate leader as André Bergeron has started warning the government that its policies are beginning to arouse opposition. The current rash of strikes, notably at Renault, may die out, but it would not be surprising if the industrial situation became rather more agitated after the return from the summer holidays.

Left to himself, Mr. Barre would no doubt be prepared to ride out agitation and opposition with his usual phlegm. The president, however, may feel that he must, sooner or later, give some concrete expression to his declared aim of reducing unemployment, as part of the "advanced liberal society," and it will be interesting to see whether he decides that Mr. Barre's rigorous policy needs softening.

But there are other, more fundamental questions which are raised by Mr. Barre's economic policy. The removal of price controls, and the parallel decision not to rescue lame ducks or declining industries merely for the sake of maintaining employment, seems to suggest a laisser faire approach to economic policy which is novel in France. Does it also imply a fundamental shift away from the habit of state interventionism which dates back at least to Colbert? If so, it would be doubly interesting, in as much as the record of interventionism in France, though patchy, has been far more successful than in the UK.

German chemicals: giant at bay

By KEVIN DONE, Chemicals Correspondent

LEADERS OF the West German chemical industry have not yet begun reading the tea leaves in their anxious search to discover what the future holds for them. But in recent months they have been pursuing the more normal methods of forecasting with especial fervour looking for the slightest indication that better times lie ahead. For a country that boasts three of the world's top five chemical companies and which is the biggest single exporter and importer of chemicals in the world, West Germany has not been accustomed to having to watch nervously every decimal point of chemical sales and production growth.

The last 1½ years have delivered a considerable shock. Imports last year rose almost twice as quickly as exports, the first time the industry can remember anything of the sort. With the German chemical industry association (VCI) just celebrating its centenary the collective memory goes back a long way. For only the second time in the industry's history growth last year slipped below the general advance of the West Germany economy, repeating the pattern first set in 1975. Then the whole Western economy was suffering the worst of the dislocation resulting from the OPEC oil embargo. But for an industry that considered 1975 to be only a temporary aberration, the repetition of the same malaise last year has caused considerable discomfort.

Almost all the product areas of the German chemical industry are closely affected by events in other branches of industry both at home and abroad. For decades the chemicals sector has outperformed the general economy and has derived a disproportionate benefit from the wide range of industries it serves. But there is another side to the coin. When the whole Western economy faltered, the decline was especially magnified in the chemicals sector, which, more than most, serves other industries rather than the consumer directly.

As Professor Herbert Grunewald, chairman of Bayer, asked recently: "Is this tiny growth for the chemical industry a passing development, or is it the start of a new trend? Merely poising the question throws the worries of this industry into sharp relief."

So what is the current state of the chemical industry, one of the traditional powerhouses of the West German economy. Last year production grew by only 0.4 per cent compared with an average growth for the rest of manufacturing industry of 3.2 per cent. The sales performance of chemicals fell well below the industrial average, increasing by a mere 1.9 per cent compared with a rise of 5 per cent in other sectors.

The industry's profits were even harder hit, falling by some 20 per cent in 1977 compared with the year of real recovery in 1976. The industry in recent months has been characterised in important sectors by plants working well below capacity, heightened international competition, a steady erosion of prices, and rising costs. But perhaps most significantly it has suffered in export markets from the steady appreciation of the D-Mark and at home from the increasing tide of imports, attracted by sales in a hard-currency market.

As BASF, another of the German chemical majors, has pointed out: "In a number of countries, primarily overseas, export prices had to be adjusted to levels that did not provide adequate returns for us. These exports were maintained to hold customers and to secure employment in Germany where more than half of the jobs in our operations depend on exports."

For 1978 the West German Government has been talking of GNP growth of as much as 3.5 per cent, but the chemical industry is painfully aware that this is a target born of political need. "If you ask anyone in government where this growth is coming from," says one senior official in the industry, "they have a lot of difficulty explaining."

According to Dr. Wolfgang Munde, director-general of the German Chemical Industry Association, the industry is aiming this year to match the growth of the general economy, which is not expected to be above 3 per cent. But even this modest goal could prove difficult, considering that in the first quarter sales are estimated to have fallen some 2 per cent below the level set in the first three months of 1977.

It is at this stage that the niceties of statistics take over and their interpretation depends as much on the optimism of the individual as on definable trends. In 1977 the first three months turned out to be the best part of the year and it was in the later months that the rot really set in. This pattern went against all the past experiences of the industry, which has traditionally enjoyed a gradual increase of business in the first half of the year, a pause in the summer, a major pick-up in the autumn, and a good final three months.

As Dr. Grunewald points out: "Nobody knows how the second half of the year will go, will it again break the pattern or will it be a 'normal year' with the usual pick-up in trade from autumn to the end of the year?" At this point he is deeply sceptical of any claims of a growth of sales by more than 2 per cent or at the most 3 per cent.

And yet the industry is taking breath. "It cannot be put concretely yet," says Dr. Munde, "but the atmosphere is better. There is the feeling that things have been as bad as they can be and cannot get any worse." Preliminary returns for April show sales improvements compared both with March and with April of last year. Again statistical gremlins appear. Easter was very early this year which meant that April had more working days. Small signs of recovery are there, however, and for the moment they are the only straws to clutch at. "There is now an amazing attention paid to small details," says Dr. Munde. "Some years ago no one was interested, such figures were only for academics, but now it's a question of security."

Many of the difficulties experienced by the chemical industry are not specific to West Germany. The rest of the industry in Western Europe has been equally hard hit by overcapacity, weak prices, and falling demand, particularly in the petrochemicals, plastics, and fibres sectors. Hoechst with worldwide losses in fibres last year of DM 241m, BASF with losses in commodity plastics of DM 20m and in refining of DM 155m shared the general predicament. But two factors have especially exacerbated the German problems—the steady apreciation of the D-Mark against most other currencies and particularly the dollar, and rapidly mounting labour costs which have taken the German chemicals industry to the top of the wages league.

It is not so much the direct wages that have pushed up labour costs, but the fringe benefits and social costs that are added on. At the beginning of the year hourly chemical industry labour costs in the U.S. were averaging $8.75, while in West Germany the figure had risen to $10.37. Direct wages are still higher in the U.S., but the West German industry is currently paying further amounts equivalent to three-quarters of the basic wage, in fringe benefits and social costs. In the U.S. the addition is only about a third. The big change has only occurred since 1975. Before that date labour costs in Germany had lagged behind the U.S.

The latest wage settlement agreed in the German industry during April will add another 4.3 per cent to wage costs. Employers have tended to throw up their hands in horror about the figure when on a public platform. But in private they agree that they could hardly have hoped for less. Settlements in other sectors had established the politically acceptable increase of 4.5 to 5 per cent and the chemical companies were content to fall in with this pattern.

Clearly, with an industry as diverse as chemicals, the recession has not hit all sectors equally. Particularly in the high technology speciality products West German companies are more than holding their own. Hoechst, currently the largest chemicals company in the world in terms of sales, had considerable success last year with pharmaceuticals, which now account for some 16 per cent of its sales.

Major contributions to sales growth came from new drugs introduced to the market, which are more than justifying very high research expenditure amounting last year to DM400m.

Indeed the industry's general research and development effort has not flagged despite falling profits. Chemicals now account for about 30 per cent of the whole research and development effort of West German industry.

It is clear that the industry's future must increasingly lie with its technological skills. The West German chemicals industry is based around its three major companies, Hoechst, Bayer and BASF, three of the world's top five chemical companies. Thi trio has grown much as the various parts of Standard Oil when it was broken up into constitutent parts earlier in the century. The trio originally formed the giant German chemiceals company IG Farben which was broken up after the Second World War. Just as Exxon, Socal, Mobil, and other parts of Standard Oil have grown up each to achieve a standing rivalling that of the parent, so Hoechst, Mayer, and BASF each now play a major separat erole in the world chemical industry.

To keep it up, they must look to production of more and more sophisticated products, and they will find perhaps in Switzerland the example they will increasingly follow Switzerland has a large chemicals industry, but no presence in the commodity products of fibres, plastics, and petrochemicals. "We have our own infrastructure," says Dr. Munde, "but this is the direction in which we shall go. It is no longer a question of tonnes, but a question of profits. We have learned a lot in the last three years and we must learn now to live with smaller growth rates. I think we are on the way to this, but we must learn that our country no longer can cover the whole of the industry. We must become more specialised."

The other inevitable way forward is increasing investment overseas. Already a concern such as Bayer derives 20 per cent of its sales from exports and another 48 per cent from overseas affiliates. Over the past 18 months the overseas investment effort of all the chemical majors appears to have been stepped up.

BASF, one of the more conservative German companies to date in overseas chemicals investment, has recently bought out Dow Chemical's share in their former 50-50 joint venture, Dow Badische, and it has earmarked $700m. for capital expenditure in the U.S. alone over the next five years. The most important overseas markets for the German companies are the U.S., Brazil, and Japan, but the U.S. is clearly pre-eminent. That gives an idea of where investment is likely to flow.

To the end of 1977, BASF capital expenditure overseas had totalled DM2.86bn, equal to about 12 per cent of BASF's total capital expenditure during those years. Of this North America had taken 81 per cent., and Latin America 14 per cent. For the future BASF says that many products emanating from Germany will increasingly be hit by structural changes occurring worldwide in the chemical industry, including the buildin up of production capacities in developing countries. In the past they have been importers rather than low-cost exporters of chemicals. These moves "can only be offset by a continuous flow of innovation in product development and process technology," according to Dr. Erich Henkel, the board member responsible for operations outside Europe.

With major takeovers, such as Bayer's acquisition of Miles in the pharmaceutical sector, it appears that the German industry's interest in the U.S. has reached a new degree of intensity. In fact the interest is long established, as Dr. Gerhard Dittmar, Bayer's board member for North America, points out. "We run a global business and this receives calls for a global strategy. It cannot be based on changes of currency or labour costs from one week to the next." Bayer now has 25 to 30 per cent of its assets outside Germany, more than its domestic competitors. But Dr. Dittmar maintains that there has not been any recent shift of investment strategy. "We shall continue to spend about two-thirds of our investment in Germany and one-third outside. It has been at this level for the last ten years."

Investment within Germany should total DM 5bn to DM 6bn this year, according to figures from the VCI, and this must be combined with the impressive total spending on research and development of DM 4bn to DM 5bn. With one of the most highly rationalised chemical industries in the world, West Germany will learn to live with smaller growth just as it coped so successfully with high demand. "This level of investment suggests things are not so black," says Dr. Munde, "you can be sure there will be a normal development in the long run."

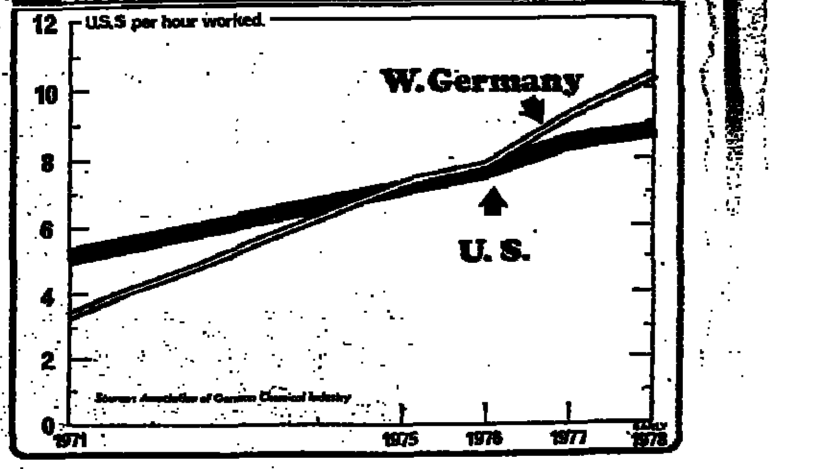
PERFORMANCES COMPARED: CHEMICAL INDUSTRY AND INDUSTRY AT LARGE IN W. GERMANY

CHEMICAL INDUSTRY	1976	1977	% change	Jan/Feb 1977	Jan/Feb 1978	% change
Sales (DM bn)	84.3	85.9	+1.9	14.1	14.2	+0.7
Exports (DM bn)	34.6	35.4	+2.3	5.7	5.7	+0.8
Imports (DM bn)	17.5	18.3	+4.8	2.9	3.0	+1.7
Production Index (1970=100)	131.3	131.8	+0.4	133.5	135.7	+1.6
Output Price Index (1970=100)	133.5	133.1	−0.3	133.6	131.4	−1.6

INDUSTRY AT LARGE	1976	1977	% change	Jan/Feb 1977	Jan/Feb 1978	% change
Sales (DM bn)	804.1	844.0	+5.0	129.6	135.9	+4.9
Exports (DM bn)	256.6	273.5	+6.6	40.8	42.7	+4.6
Imports (DM bn)	222.2	235.1	+5.8	36.1	38.2	+5.8
Production Index (1970=100)	110.1	113.5	+3.1	109.5	110.9	+1.3
Output Price Index (1970=100)	140.8	144.4	+2.6	143.5	145.2	+1.2

Source: Assoc. of W. German Chemical Ind.

Labour Costs of Chemical Industries



MEN AND MATTERS

A long way off the bone

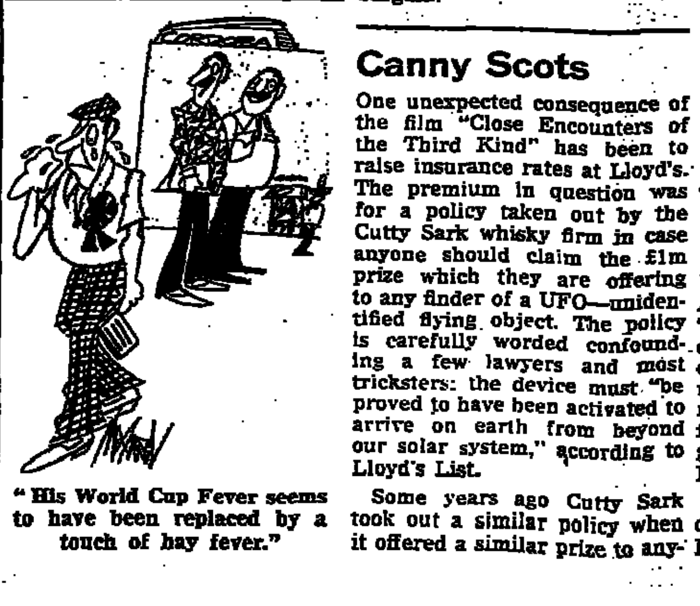
If your vision of ham is something cut off a large shoulder by a chef in a tall hat, the time has come to revise your ideas. This news was given me yesterday by a spokesman for the Bacon and Meat Manufacturers Association, when I telephoned to discuss the current excitement about the amount of water that should be added to the product sold in plastic wrappings. According to the Association of Public Analysts and the Institute of Trading Standards, in a new report, the product should be given a new name because it is so unlike the old-style York ham—and because it contains on average about 15 per cent water.

The very idea of searching for a new name clearly pains the manufacturer's association. "Modern ham is very different from ham on the bone," I was firmly told. "When the housewife thinks of ham, it is what she buys in the supermarket." The association reckons that 18 per cent water is acceptable, and regards it as "unfortunate" that the analysts' report talks of selling water at 15p a pound.

It was explained to me that the water was injected into the meat as brine, and that the essential virtue of de-fatted, square-shaped ham is its ease for cutting: "The market has been developed for 15 years and the Dutch led the way."

So if old-world ham should be waved farewell, we can perhaps look forward to a less watery chicken. The British Poultry Federation says the frozen chicken industry is spending £40m. to get up to EEC standards, which among other things declare that the water content must be not above 7.4 per cent. "Occasionally a rogue carcase will absorb more while it is being chilled," I was told. "But that is the exception." Any suggestion that the chickens are "bounced around" to make them absorb water during spin chilling was clearly shocking to the man at the Federation.

One crumb of comfort in this watery debate: I was assured that the water is always very clean. At 15p a pound, you could almost regard it as a bargain.



"His World Cup Fever seems to have been replaced by a touch of hay fever."

Canny Scots

One unexpected consequence of the film "Close Encounters of the Third Kind" has been to raise insurance rates at Lloyd's. The premium in question was for a policy taken out by the Cutty Sark whisky firm in case anyone should claim the £1m prize which they are offering to any finder of a UFO—unidentified flying object. The policy is carefully worded confounding a few lawyers and most tricksters: the device must "be proved to have been activated to arrive on earth from beyond our solar system," according to Lloyd's List.

Some years ago Cutty Sark took out a similar policy when it offered a similar prize to anyone who led in the Loch Ness Monster. But the premium on the new risk is reportedly considerably higher. The film must have convinced somebody, somewhere.

A little average

A word to embrace an £8m error is being given a great deal of play this week by Manufacturers Hanover in New York. It is "overage." An official of the bank has also put it more graphically: "Somebody goofed here."

The overage happened when the bank sent out, on behalf of American Home Products Corporation, five cents a share too much for the latest quarterly dividend. Seeing that there are more than 150m shares, a considerable tremor has gone through Manufacturers Hanover. Messages have gone out to all 78,000 happy recipients of the unexpected largesse, asking them to send back the overage forthwith.

Will they do it? The bank says it is rather early to judge, since the "send it back" pleas only went out at the weekend. There is confidence, however, that the shareholders will accept it is only human to err, even in the best-regulated bank. But even if such hopes are fulfilled, regaining the overage will cost a fair bit in postage.

Unwelcome message

A wave of outrage greeted that "authoritative" American film on The Prohphet Mohammed called "The Message." But nothing daunted its makers are now setting out to make a follow up—and are being greeted with fresh protest by Islam's faithful.

The Message saw that couple of Zorba-the-Greek fame, Irene Pappas and Anthony Quinn, teaming up again. It was little loved by the critics. "Mawkish" was one comment to me today, "Cecil B. de Mille twenty years too late" was another.

Muslims condemn any attempt to personify their venerated. There is a deep Islamic taboo about this—and this in part explains the anger today at reported moves to make a film about the Caliph Omar ibn al-Khattab.

Omar was the second spiritual leader of Islam after the death of Mohammed and presided over a massive expansion of the lands under Islam. But now the Saudi-backed Islamic Council for Europe is getting hot under the djellabah. And the Secretary General of the World Muslim League, Sheikh Mohammed Ali al Harakan, says the film would injure the felings of millions and its production "be tantamount to pre-meditated insult and manifest injury to Islam." Just as well for any would-be British distributors that hope the crime only covers insults to the Christian faith.

Big ballot

Lest my note yesterday about Nigeria's plans for returning to civilian rule may have sounded mildly sceptical, I hasten to add to my findings from browsing through the tender notices published in a journal called Africa Gazette. The Nigerian Federal Electoral Commission is calling for the supply of 300m manila envelopes, measuring 10.5 by 9.5 cm. It is also looking for various other impedimenta of elections, including 150,000 rubber stamps and 3,000 Tilly lamps — "usual conventional tropical type" — for use in polling stations way out in the jungle.

It all makes the preparations for direct elections to the European Parliament look absolutely puny.

Observer

FINANCIAL TIMES SURVEY

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Tuesday June 6 1978

European Vehicle Components

A rationalisation of the European components industry has been taking place over recent years with frequent takeovers, mergers and cross shareholdings. But this process is now under challenge and companies are increasingly expanding their activities in the U.S.

Merger policy under threat

By Terry Dodsworth

THE EUROPEAN components industry, like the vehicle manufacturing sector, has become much more integrated in the past decade. Component companies which used to be mainly national *organisations* have taken on a multinational complexion as their activities have grown to correspond to the increasing flow of vehicles across the old national frontiers. Overseas investment has become a *significant* characteristic of the larger component groups; and most of them have become substantial exporters.

These changes have been closely *tied up with the* gradually developing perception of Europe as a single market. The vehicle producers now shop around for their *parts* supplies throughout the EEC trading bloc, partly to get the best price, and *partly to ensure* alternative sources should one run out. At the same time, the bigger component manufacturers have been anxious to go overseas and move away from their tight relationships with single vehicle assemblers. They, too, have seen the advantages of *having a range of customers*, and a more independent status.

A great deal of this rationalisation has come about through takeovers, mergers, and cross shareholdings. Bosch, the German electrical company, for instance, has invested in Ferodo *of France: Ferodo* itself has become the focal point of the reorganisation of the French vehicle business *following* its link-up with SEV-Marchal-Cibié; and GKN has *moved* into Germany with the takeover of the Birfield Transmissions group which brought with it the German-based Uni-Cardan business. *These are just a few of* the many cross-frontier moves which have been made in the past few years.

This process of structural *re-organisation*, however, is now under challenge. The alarm was first sounded by the West *German Cartel Office, when it* decided, about 18 months ago, to fight a GKN bid to raise its *stake in the Sachs Group from* 25 per cent to 75 per cent on the overall grounds that this would reduce competition within the market. GKN won support for its bid from the EEC competitions department: but despite *this, it was rejected by the* German Supreme Court, which upheld the Cartel Office's decision.

Since then, Lucas, the British electrical company, has run into a similar problem in France. Once again, the issue has arisen over an attempt to increase a share stake. Lucas wanted to lift its interest in Ducellier, an electrical parts manufacturer, to 100 per cent by buying out the 51 per cent held by DBA, a company dominated by *Bendix*, the U.S.-based brake manufacturer. But the French Government, which has developed a policy for restructuring its components industry in an attempt to strengthen the local manufacturing base, has hesitated about giving approval to the deal. Several French interests, headed *apparently*, by SEV-Marchal, which was itself created by Government prompting, *are believed to have* opposed the deal.

Doubts

These two cases clearly raise doubts about how much further *merger-based rationalisation can* be taken. There is no doubt that over the last decade a great deal *of anxiety has been raised about* the monopolistic developments in certain markets. In Britain, the GKN takeover of Birfield was not universally approved: and the dominant position of several component manufac*turers in some national markets* —for example, Lucas in the U.K. electrical industry and Bosch in the same sector in Germany—have come in for muted criticism. But, on the whole, Europe's governments have accepted the argument that the sector was too fragmented and needed re-organisation: indeed, *In France the Government has* until now deliberately tried to help the restructuring process *along*.

One of the problems facing the European components producers is that these monopolistic *anxieties vary from country to* country. In West Germany, the Cartel Office has taken an extremely tough line in its *efforts to retain* a high *degree* of market competition: most companies interpret its recent actions to mean that virtually no group of any significance can take over another in a similar *line of* business. France, *on* the other hand, has been reorganising with far more concern for *its national position in specific* product lines than anything else. Italy is dominated by Fiat's *interests*, while in the U.K. the *authorities have taken a fairly* neutral line.

These national differences of approach are an obvious irritant to the component companies. Indeed, an increasing number of manufacturers are now arguing *that what Europe needs is a* much more co-ordinated approach within the EEC trading *bloc. It would be helpful*, they say, to encourage the creation of stronger, pan-*European groups which would* then be in a better position to *break down some of the* national monopolies which now exist. Every European country has *several of these* semi-monopolies — groups with at least 70 per cent of the local *market — which only* well-established competitors from outside will be able to attack.

At the same time, the com*ponent manufacturers argue* that in certain sectors the European industry needs to worry *less about its local market* power than about international competition. This defence has been put up very strongly by both Fiat and Mercedes in arguing the case for their proposed joint development and manufacturing of a heavy-duty automatic gearbox for urban buses. The German Cartel Office has *informally indicated* that it would not be happy with such a project. But the two companies *point out that at the moment* they are exposed to world-wide domination in this particular *area* by Allison, the General Motors subsidiary. Allison would be very difficult to fight as individual businesses, they say, *because neither of the European* groups is big enough on its own to pick up the cudgels and *invest heavily in a limited pro*duction line.

Together, on the other hand, they believe they can ensure *better economies of production*, while establishing an operation which should be able to face up to the Americans in world markets.

In support of this project, Professor Joachim Zahn, the chairman of Mercedes, said recently that the way to head off protectionism in world markets was to create more competitive *companies. In Europe, one of* the means of achieving this *would be to "overcome* a cartel practice which is purely orientated towards partial national markets." Such a cartel practice *made it difficult to* take the necessary measure towards rationalisation.

A similar point has been made *by Sig. Giovanni Agnelli*, who has argued for some kind of initiative at EEC level to give general guidelines towards the creation of a stronger and more competitive European components industry. In France, also, Renault has *provided* strong backing for the Government's efforts to rationalise this sector.

Warnings

Despite these warnings about *the need for more concentrated* production, however, there are already certain product areas in *which the European industry is* split between only two or three major producers. In electrical parts, for example, Bosch and Lucas have a dominant position: in universal-joint technology for front-wheel drive cars, Hardy Spicer, the GKN *subsidiary*, is the major supplier (most of the rest being taken up by the *Peugeot-Citroen vehicle manu*facturing group); in precision engine parts, Associated Engineering (UK) and Mahle (Germany) have the majority of the market; instrumentation is split between Smiths (UK) VDO (Ger*many) and Jaeger (France), in* which VDO has a 45 per cent stake; and clutch manufacturing is dominated by Automotive Products (UK), Sachs (Germany) and Ferodo (France).

Two major challenges face these companies in the next *few years. The first is to meet* the rapid technical change demanded by new fuel economy and emission regulations. Components will have to get lighter, and in some cases smaller: and they will have to operate more precisely to make the most efficient use of the world's depleting fuel reserves.

These demands will put con*siderable pressure on capital* resources, and will probably intensify the trend towards *research collaboration* with vehicle manufacturers. But they also put the European components sector into a much more direct relationship with their U.S. competitors—the point which Dr. Zahn and Sig. Agnelli were stressing. American component groups are now working on very much the same lines as their *European counterparts* in order to cope with the new demands for smaller cars in the U.S. *This means that the big* multinational groups which have invested in Europe are *now able to use their European* technology in the U.S., thus achieving design economies which are not *available* to *indigenous European companies.*

The *answer to this strategy is* for the European companies to expand in the U.S. themselves. *In the last year or so, this trend* has become quite pronounced. Bosch, Lucas and GKN have all *established*, or are in the process of setting up, manufacturing operations in the U.S. Turner and Newall, the parent *company of* the Ferodo brake lining company in the UK, has acquired an American group, *and Associate Engineering and* Automotive Products are moving in the same direction *having strengthened their*

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LEADING EUROPEAN COMPONENT COMPANIES, INCLUDING TYRE AND BATTERY CONCERNS

	Country	Sales $	After-tax profits $	Employees	Activities
Dunlop-Pirelli	UK-Italy	4.2bn	na	164,000	Tyres
Michelin	France	3.4bn	$157m	110,000	Tyres
Robert Bosch	Germany	3.3bn	86m	110,000	Electrics/ electronics
GKN	UK	2.7bn	55m	108,000	Pressings: forgings: transmission parts
Lucas Industs.	UK	1.1bn	55m	79,000	Electrics/ electronics
Varta	Germany	838m	19m	22,000	Batteries
Continental *Gummi-Werke*	*Germany*	*741m*	*4.7m*	24,000	Tyres
ZF	Germany	645m	7.7m	17,000	Automatic transmissions
Ferodo Groupe	France	552m	23m	20,000	Clutches: brake linings
Associated *Engineering*	UK	480m	21m	29,000	Pistons: piston rings: bearings
DBA	France	468m	2.7m	18,000	Brakes: electrics
Chloride Group	UK	457m	22m	21,000	Batteries
Sachs	Germany	454m	19m	16,000	Clutches: shock absorbers

* This list does not include American-controlled component companies in Europe.

Source: Fortune—500 largest industrial corporations outside the U.S., August, 1977.

Constraints on the designer

AS SPECIFICATIONS for the new generation of American vehicles to meet the tightening energy constraints are drawn up, European materials and component suppliers are becoming more acutely aware of the intensifying competition to satisfy technical requirements, as well as the likely magnitude of the opportunities.

The impact of the oil crisis is being felt most sharply and comprehensively in the American vehicle industry. Car makers are faced with the probability, if not the actuality, of having to design new engines as well as new bodies in lightweight materials within a three year period if they are to conform to Congressional fuel economy programmes.

Assessments that have been made as to what this means in terms of weight slimming and investment, and of the gains in fuel economy, may be disproved in the future, but are worth quoting to show the immensity of the problems.

Some of the big American sedans will need to lose about a ton in weight, according to one estimate. Another puts at $1bn the cost to one of the major vehicle producers of pushing up the average miles per gallon performance by as little as half a mile. On the other hand they are saying that by the time every car on the road in the U.S. averages 425 lbs of aluminium instead of iron, there will be a saving of 13.5 bn gallons of petrol a year. The age of the all-aluminium car could be approaching.

The figures being quoted show the traumatic period into which the American vehicle industry has entered, and to which, fortunately, Europe is to an extent insulated, because it has a long history of searching for ever lighter components to provide the kind of fuel economy that helps to sell a car, a van or a truck. It also means that in switching to a different technology the Americans are increasingly coming to rely on their own European subsidiaries and on independent manufacturers and component suppliers for some of the answers. For unless they can meet the regulations as now framed the penalties could put them out of business. As one car manufacturer put it: "They may make it cheaper to use an exotic material like titanium, which is a third of the weight of steel but three times its price, rather than pay the fines."

What this all adds up to for the materials and component makers is hard to say in more than general terms. But it surely means that product developments that have been waiting on the sidelines for just such a situation, in which the technology they express is worth paying a premium over the market price for the next best, will be beckoned on to the field. Also it provides an unrepeatable chance for UK and other European technology to make a profitable rescue, or at least contribution.

Up to now it has mainly been the vehicle makers who have impelled developments forward among their suppliers, often specifying in detail their future needs. Increasing rationalisation within the supply industry has belatedly enabled more suppliers to accelerate work in the research and development departments, and it is these that customers are now seeking out. There is much to be learnt in the UK, perhaps relatively more than in Europe.

Aluminium

Lightweight aluminium alloys are a case in point. The Midlands helped to pioneer the engineering uses of aluminium, and although it may have lost its leadership in some respects, still knows instinctively how to fashion it to most needs. There has seldom been the justification for installing highly expensive, tricky, high-pressure diecast lines — that is an area dominated by the U.S. motor industry, almost solely for components. Nor does it have the same experience as is to be found in France, Germany and Italy in the production of aluminium engines with iron liners for the pistons. That is not to say that it shows up in any inferior way the Rolls-Royce and Rover V-formation blocks, but output of aluminium engines in the UK is limited to low volume. It has instead generally plumped for lightweight spheroidal graphite (SG) iron, developed in collaboration with the British Cast Iron Research Association in the Midlands. This is, even on weight considerations, an alternative material in which the Americans are showing interest, for the full flowering of all-aluminium engines in the volumes being considered is probably nine-ten years away. The more immediate way ahead points to aluminium alloy cylinder heads on SG blocks, with automated gravity or low-pressure diecasting of the heads. In pointing in the right economic, as well as technical, direction, the Americans have a lot of difficult problems to solve, for they seem chained to big engines to drive the air-conditioning and emission equipment.

Another area in which considerable weight savings can be achieved is in body panels for boot and bonnet lids and doors. In this area TI Supral has come forward with a novel "superplastic" aluminium alloy, which is being used for the new Aston Martin Lagonda. Supral has mechanical properties equivalent to NS 3/4 and elongates ten times, enabling thicknesses to be held in complex shapes of up to 15 inches deep. But two different primers are needed in the painting process if steel is also used, and special techniques are required for welding aluminium and steel. Steel is therefore likely to remain the preferred metal for high-volume body pressings.

But for cylinder heads, wheels, manifolds, brakes calipers and a number of other components that represent recent expansion areas, plus the more familiar clutch housings, sumps and smaller items, aluminium looks to have an assured future. One of the latest, extremely interesting developments, by GKN, is in drive, or propeller shafts for trucks as well as high revving cars. Ford and Chrysler are among the vehicle manufacturers now studying the potential, which GKN began some four years ago. After extensive rig and dynamometer testing and practical trials at the Motor Industry Research Association with lightweight steel, aluminium and carbon fibre tube shafts, GKN began fitting them to customers' vehicles for further validation, with successful results. The carbon fibre, or composite shafts are designed for trucks, and can be made in one piece to replace two-piece steel shafts. One truck has successfully done more than 120,000 miles. The Americans are working on composite shafts, but GKN feels that while the price penalty for the alloy shafts is not prohibitive, it will be some years before the composite shafts can compete outside specialist situations. But the weight saving possibilities are certainly there. A Ford Cortina composite prop shaft weighs 5.2 kg compared with 9 kg for a conventional one.

These developments in light alloys have not gone unchallenged by steel. British Steel Corporation has developed the promising Hypress titanium alloyed steel for such items as bumpers, door posts, truck chassis members, seat frames and a range of other vehicle parts including body panels, through which it plans to expand sales to the U.S. and other motor industries looking for high-strength, lightweight materials. BSC also produces Hyform, used by specialist makers of stainless steel exhausts which, depending on the exhaust system, can be lighter than conventional mild steel, and lasts about three times longer.

Expensive

However, despite these potentially promising developments, weight is not necessarily saved by using a lightweight, and possibly more expensive alloy than steel if it has to comply with stiff energy (crash) absorption regulations. Nor may assembly be helped if there is incompatibility of materials. But metal is far from being the only material. Plastics and man made fibres are well on the way to claiming 100 per cent. of the functional as well as the visual interior trim of cars and cabs. Even glass, the increasing area of which has been tending to put weight on to vehicles rather than take it off, is becoming lighter. The glass in the Fiesta doors and side windows retains the necessary characteristics but is 3mm thick instead of 4mm, and is 30 per cent lighter. Savings in glass weights of up to 50 per cent. are in prospect.

Because there have been no positive governmental restrictions on weight in Europe, materials or weight saving have tended to come about for other reasons. In America now the race is on to develop lighter weight materials with specific properties from the roof to the tyres. For when a tyre flexes it absorbs energy, and the tyre makers are under just as much pressure as anyone to design and make carcases and treads that will give optimum free rolling properties. In the component field the UK supplier industry, which has led Europe and the world in so many practical ways and has much to contribute, has only a limited period in which to respond to the new opportunities. Otherwise it may find itself in the reverse position of buying advanced technology from the U.S.

Peter Cartwright

Merger

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North American sales organisations. (Teves and Koni have also established themselves in the U.S., but these groups, of course, are under the wing of ITT).

The Europeans undoubtedly have considerable opportunities in the U.S. in some significant product areas. They are experts in small diesel engines and ignition equipment; they know more about front-wheel drive technology; and particularly the universal joints which transfer power to the front wheels; they are more used to building many components, such as brakes, to smaller dimensions. This will give them the opportunity to establish themselves in America in the next ten years in the same way that the U.S. companies have put down roots in Europe during the last decade. If successful, this transfer of capital and technology should do much to strengthen the free-trading concept in the trans-Atlantic trading block, and ease the protectionist pressures which have been increasingly visible in the European motor industry in the last few years.

Few changes in Germany

WITH A steadily growing OEM base and an aftermarket that has remained firmly in the hands of the vehicle manufacturers, the German components industry has not experienced the same pressures and opportunities to merge or diversify as in the UK. Some restructuring has taken place, but this owes much to the acquisitive entry of the U.S. majors, a trend that looks as if it has been brought to an abrupt end by the present policies of the Federal Cartel Office. The German vehicle manufacturers are reputed to have a lower bought-in content than their UK counterparts, but volume growth has more than offset this disadvantage for the component makers, who in consequence have grown to include a number of substantial companies within their ranks. Remarkably few of these have any consumer recognition, and after Bosch, Continental and Varta, only the technically minded motorist is likely to recognise VDO or Boge. The substantial remainder are even less well known, probably due to a combination of a lack of aftermarket advertising and a belated entry into overseas manufacturing, only then in the wake of German vehicle assembly plants.

As in the UK, the large engineering groups have important motor component activities, with Mannesmann a leading producer of wheels through its Kronprinz subsidiary, plus exhaust tube and axle shells, Metallgesellschaft owning Karl Schmidt, a leading manufacturer of pistons and steering wheels, and GHH's Renk subsidiary, which is particularly strong in automatic transmissions for buses.

On engine components, piston manufacture is dominated by Mahle (£200m sales) and Karl Schmidt, both of whom have volumes which match that of Associated Engineering in the UK. Ford Germany and Opel both have in-house capacity for pistons and an important supplier of large pistons for diesel engines is NURAL, the Alcan subsidiary. The leader on piston rings is Goetze (£60m sales), followed by Alfred Teves, and the majors on plain bearings are Glyco and Karl Schmidt. Rolling bearings are produced by FAG and SKF, and the leaders on gaskets are Reinz and Elring, although, as in other countries, this sector has a long tail of small suppliers. Engine valves are dominated by TRW and Eaton and the principal radiator manufacturers are Behr and KLR (Kulerfabrik Langerer Reich).

THE GERMAN SECTOR

Company	Product	Parent/ownership
Robert Bosch	Vehicle electrics, spark plugs, fuel injection equipment	—
Varta	Batteries	—
VDO	Instruments	—
Kronprinz	Wheels	Mannesmann
Karl Schmidt	Pistons, thin wall bearings, steering wheels	Metallgesellschaft
Mahle	Pistons	—
Goetze	Piston rings	—
Nural	Pistons	Alcan (Canada)
Wyzeman	Cylinder liners	—
Alfred Teves	Brakes, piston rings, valves	ITT (U.S.)
Glyco	Thin wall bearings	—
FAG	Rolling bearings	—
SKF	Rolling bearings	SKF (Sweden)
St. Gobain	Safety glass	St. Gobain Pont a Mousson (France)
Reinz	Gaskets	—
Elring	Gaskets	—
TRW	Valves	TRW (U.S.)
SWF	Vehicle electrics	ITT (U.S.)
ZF	Transmissions	Zeppelin Group
Voith	Transmissions	—
Uni-Cardan	Transmissions	GKN (UK)
Fichtel and Sachs	Clutches, shock abso	GKN (UK)—25 per cent
Textar	Brake linings	BBA (UK)
Jurid	Brake linings	Bendix (U.S.)
Girling Bremsen	Brakes	Joseph Lucas (UK)
Behr	Radiators	—
KLR	Radiators	—
Boge	Shock absorbers	—
Renk	Transmissions	GHH
WABCO-Standard	Truck brakes	American Standard (U.S.)
Champion Zundkerzen	Spark plugs	Champion (U.S.)
Conti-Gummiwerke	Tyres	—
Phoenix Gummiwerke	Tyres	—
Michelin Reifenwerke	Tyres	Michelin (France)
Draftex	Door seals	Laird Group (UK)
Dunlop	Tyres	Dunlop (UK)

Source: Grieveson, Grant.

Automatic

Commercial vehicles have a number of companies specialising in their requirements, notably ZF Zahnradfabrik Friedrichshafen) with total sales of £350m and a strong position in automatic gearboxes and truck transmissions. Not that far behind is Voith, with sales of £200m, although its production of vehicle transmissions is complemented by a large business in similar products for railway rolling stock. The U.S. majors are strongly represented in this area, with Eaton manufacturing truck axles and American Standard (who recently purchased Clayton Dewandre in the U.K.) producing truck brakes at its WABCO-Standard subsidiary.

The total American presence is considerable. As well as the three already mentioned, ITT control Alfred Teves, the leading supplier of vehicle brakes, and SWF, which manufactures a big range of vehicle electrics, including wipers and lighting. Bendix owns Jurid, one of the two big brake lining producers, Champion has a spark plug subsidiary, Champion Zundkerzen and Globe Union manufacture batteries, supplying Volkswagen.

The UK industry also has considerable representation. GKN controls Uni-Cardan, a major producer of transmission components and constant velocity joints, which in turn has subsidiaries in other Continental countries. The original 40 per cent. holding came into the group with the acquisition of Birfield, but since then its stake has increased to nearly 80 per cent and the business has achieved substantial growth through its expertise in constant velocity joints and the vogue for front wheel drive cars. The 25 per cent stake in Sachs and endeavours to acquire a further 50 per cent has received considerable publicity through the battle with the German authorities. Following its rejection by the Supreme Court, GKN appealed to the Minister of Economics, but has now withdrawn from the battle.

Sach's main operating company, Fichtel and Sachs, holds about 70 per cent of the domestic clutch market and is also a major producer of shock absorbers. BBA Group owns Textar, a major brake lining producer, and this product area saw some rearrangement two years ago when Bendix raised its stake in Jurid from 50 to 100 per cent. In consequence, Bendix's 25 per cent stake in Textar posed certain conflicts of interest and it was sold to BBA. The Dunlop-Pirelli Union has two tyre plants, together accounting for about one-sixth of German production. Laird Group owns Draftex, a highly successful producer of door seals and other rubber components. This company has achieved both high growth and profitability and Laird is now attempting to emulate this in the UK.

Last but by no means least is Joseph Lucas, with its vehicle brake subsidiary Girling Bremsen. The post war development of vehicle brake manufacture in Germany has seen some interesting changes; starting with the initial build up of vehicle production when ITT's Alfred Teves grew rapidly and became the dominant force in the market. Teves held the domestic licence from Dunlop on disc brake patents, but on their expiry Lucas entered the market from factories in France and Germany, and after fighting off patent litigation initiated by Teves, went on to take a significant share of the German market. Possibly encouraged by Lucas's success, Bendix established a plant in Germany about three years ago, but this was not a success and it was subsequently closed, although it continues to supply Mercedes from France.

The German tyre industry has not had a notable record for generating profits, with major losses by the main producers regularly hitting the headlines. The domestically owned producers, Conti and Phoenix, have been in this category, but attempts to achieve a merger that would permit rationalisation have failed. Dunlop and Pirelli have also produced disappointing results, and while several companies are looking for a better 1978, few are expected to achieve reasonable profits. Probably the exception to this is Michelin, whose Michelin Reifenwerke subsidiary is the largest producer, closely followed in volume terms by Conti with group sales of [illegible]. Together these two account for over half the tyres produced in the Federal Republic. Next in size comes Dunlop-Pirelli and then Goodyear, Uniroyal and Phoenix, each accounting for about 10 per cent.

The giant of the German component industry is Robert Bosch, with about 60 per cent of its £2bn sales generated in motor components. The company is controlled by a charitable foundation, but this does not appear to have imposed any non-commercial restraints on the business. Moreover, the company has

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The U.S. influence

THE INVESTMENT of American component companies in Europe is not a new phenomenon. Some companies, like Carborundum, or Timken, were involved on this side of the Atlantic before the last war. Others came over soon after. But the big flood of funds occurred in the 1960s, when many U.S. companies began to look deliberately for growth outside North America where it was clear that the pace of expansion in the vehicle industry was slowing. Although the number of new companies coming into Europe has declined since then, a steady stream of investment is still finding its way over from the U.S. components sector.

There have been two significant developments in Britain alone within the last twelve months or so. American Standard, one of the leaders in truck hydraulic and air-brake systems, has bought Clayton Dewandre; and, more recently, Dana, among the biggest of the U.S. component groups, has bid for control of Turner Manufacturing, in which it already has a 35 per cent stake. On the Continent, Eaton has opened a large truck transmissions plant in France, and is expanding its valve manufacturing in Spain, while Tenneco Walker, a subsidiary of the Tenneco chemicals group, is expanding its exhaust business in Germany.

Some of the longer-established American groups in Europe have found a base on this side of the Atlantic because of their straightforward technical strength. Two classic cases of this kind of company are Champion, the spark plug manufacturer, and Timken, the taper roller-bearing group. Both came over to Europe before the war, and both have established an entirely dominant group as independent suppliers in their particular areas of business.

Champion, for example, with plants in both Britain and Belgium, only has one significant independent competitor, Bosch, although Ford and General Motors (AC Delco) have very large-scale in-house production. Timken is in an even more outstanding position. Few rival manufacturers have found it possible to master the complex technology in making tapered bearings, and Timken has decided to concentrate exclusively on this field. Today, it has European plants in the UK, France and Germany.

Another company which falls into a similar category is Borg Warner, the automatic gearbox manufacturer, in which Bosch, the West German electrical company, now has a 10 per cent stake. Borg developed its technology in the U.S. well ahead of European companies, largely because there was a local demand for automatic transmission when none existed on this side of the Atlantic. The company was therefore able to bring the technology over to meet increasing European demand. It went on, of course, to catch a distinct cold when the oil crisis hit the automatic gearbox on the head because of the extra fuel cost involved in running such systems. But it has now pulled through some of these problems, seen its main British rival, Automotive Products, retreat out of the field altogether, and only has one serious independent competitor, ZF of Germany. The competition in this field comes from the two American vehicle manufacturers, Ford and General Motors.

A number of other American companies, while not operating in quite such specialised areas of technology, have still managed to establish dominant positions in the European market. A very large proportion of the independent truck braking industry, for example, is controlled by American Standard, which owns Westinghouse Air Brake (known as Webco) in Hanover, West Germany, and has just bought Clayton Dewandre in the UK. Some analysts put its share of the European market at about 45 per cent. In addition, much of the residue is soaked up by another American company, Bendix-Westinghouse, which is based in Britain with ownership split equally between Bendix, the large aerospace and electronics conglomerate (sales last year of \$3.3bn), and Westinghouse Brake and Signal, the specialist in brakes for railway rolling stock.

Bendix has become one of the most widely-spread forces among the American companies operating in Europe. Apart from the Bendix-Westinghouse business, turning over about £24m. a year, it owns Jurid, the brake linings manufacturer in West Germany, which employs about 2,500 people, and Bendiberica in Spain, which makes all the brakes for the Spanish Ford Fiesta and employs about 4,500.

Turnover

The centre of Bendix's operations, however, is DBA of France, formed from Ducellier, a vehicle electrics company, Bendix's own brake interests, and Air Equipement, an aerospace components business. This group, with a turnover of about \$500m. a year, now appears to be breaking up, partly because Lucas, a partner in Ducellier, wants more control, and partly because it appears to have been a poor profits performer. Lucas has bid for the rest of Ducellier, and Air Equipement is said to be up for sale.

Bendix has had its troubles before in Europe—about three years ago it was forced to withdraw from a new brake manufacturing project in West Germany because it found the competition too tough—but it is now aiming to restructure its interests. It seems as though it will keep on the brake business in France, which has a sound export order with Daimler-Benz, and make a bid to return to the electronics field in partnership with Renault, the French nationalised car group. Talks on a joint project between the two are now in progress.

Another product area where American companies dominate is in valve production. The two biggest companies here are TRW, a diversified group with European interests in valves, steering gears, general engineering and seat belts, and Eaton, which also makes transmissions and axles. Between them, these two companies are reckoned to have a dominant position in these products, with TRW manufacturing in a northern sphere of interest in the UK, Germany and France, and Eaton in a southern sphere split between Italy and Spain, where it has just made a large new investment.

These two groups are among the largest in the European components industry, TRW having sales reckoned to be over \$600m in the region, and Eaton about \$200m. Both have pursued a policy of spreading their investment from strong bases in the UK, although Eaton has so far not ventured into Germany, where TRW is very strong, also making steering gears and Repa seat belts.

Seat belts is another area where U.S. companies have a broad base, since Kangol Magnet in the UK is also owned by an American group.

The other large and widely-spread American group is ITT, the telecommunications company which also has a sizeable involvement in motor components. In Europe its operations are centred on Teves, the German brake manufacturing concern, which is probably the largest company in this field within the EEC. But ITT also owns a Stuttgart-based electrical switchgear producer called SWF; a variety of companies in Italy making brake linings, plastics, shock absorbers, tail lights and servo systems; and in Holland it has absorbed Koni, the specialist shock absorber group. Although there have been no new acquisitions for the group since the oil crisis, ITT has embarked on a big expansion and export drive for all of these companies. Teves, for example, is well established in South America, has moved into the UK with a plant in South Wales and a distribution agreement with Quinton Hazell, and has put down another factory in the U.S.

Base

Dana and Rockwell, both with their main industrial base in Europe in commercial vehicle transmissions and axles, are also embarking on a drive to spread their activities throughout the EEC. Rockwell, for instance, is moving into Italy and West Germany as well as the UK; and Dana, apart from the Turner bid, has invested in Switzerland and France, where it recently bought Floquet Monopol, a major producer of piston rings and cylinder liners.

A similar process is being followed by Tenneco Walker, part of the big chemical group, which bought Harmo, one of the largest exhaust manufacturers in the UK, and has also acquired two small producers in Germany and France, as well as the Pit Stop replacement business. Other American groups in the EEC include Monroe, the shock absorber company (Belgium), ITW the fasteners producer which runs Fastex in the UK, Trico, the windscreen wiper group, and Dayco, a fan-belt manufacturer which has a plant in Dundee and is looking at further investments in Europe. Carborundum, an old-established company in Britain, recently acquired Weyburn Engineering, the diesel engine camshaft manufacturer.

The weight of the American component companies in Europe, which is both broadly spread and highly concentrated in some specific areas, has caused considerable alarm in the indigenous European industry. Some producers feel that there should be efforts to build more integrated European groups which would be able to compete on more equal terms, particularly in world markets. For example, in the commercial vehicle field, the North Americans have established an extremely dominant position counting, alongside their component interests, truck manufacturing (Ford, Bedford, Chrysler, International Harvester), and diesel engines (Cummins, Perkins, Ford and Bedford).

In this field, European manufacturers have developed much more integrated organisations, manufacturing many more of their parts in-house. It could be argued that this has put some of these European companies in a strong competitive position—both Mercedes and IVECO, for example, are big enough to manufacture a lot of commercial vehicle components in large volumes. But there are some obvious areas where American companies have established fairly dominant positions in Europe which are in no way compensated by European developments in the U.S. The challenge facing the Europeans now is to take on the U.S. competitors in their home market.

Terry Dodsworth

MAJOR U.S. COMPONENT MANUFACTURERS IN EUROPE

Company	Products	Location
TRW	Valves	UK (TRW Valves); Gy (Teves-Thompson); France (Jeudy)
	Steering gears	UK (Cam.); Gy (Ehrenreich); France (Gemmer); Italy (TRW Italia)
	Steering wheels, fasteners	UK (Clifford)
	Seat belts	Gy (Repa)
ITT	Brakes	Gy (Teves); UK (Teves); France (Teves)
	Electric switchgear	Gy (SWF)
	Gaskets/lights	Italy (IAO)
	Shock absorbers	Holland (Koni)
Bendix	Brakes/electrical equipment	France (DBA—jointly owned with Lucas); Spain (Bendiberica)
	Air brakes	UK (jointly owned with Westinghouse Brake and Signal)
	Brake linings	Gy (Jurid)
Eaton	Truck transmissions	UK; France
	Axles	UK; Spain
	Valves	Spain; Italy
Dana	Transmissions	UK
	Piston rings	France (Floquet Monopol);
	Distribution	UK (Brown Brothers)
Rockwell	Axels and axle housings	UK (Rubery Owen Rockwell—jointly owned with Rubery Owen; Rockwell Thompson; Rockwell-Standard)
	Window regulators	Gy (Golde); Italy (Golde Italiana)
	Automotive seating	Portugal (Moligal)
Champion	Spark plugs	UK; Belgium
Timken	Taper bearings	UK; France; Gy
American Standard	Air brakes	Gy (Webco); UK (Clayton Dewandre)
Carborundum	Friction materials	UK
	Diesel engine parts	UK (Weyburn Engineering)
Borg Warner	Automatic transmissions	UK
Tenneco Walker	Exhausts	UK; Gy; France
	Distribution	UK; Gy; Belgium (Pit Stop)
Monroe	Shock absorbers	Belgium
Trico	Wipers	UK
ITW	Fasteners	UK
Dayco	Fan belts	UK
Questor	Shock absorbers	Spain

Germany

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been exceptional in its aggressive posture towards overseas manufacturing operations in support of German assembly plants (Brazil, Far East) and in independent expansion, with for example the company's U.S. subsidiary generating sales of \$120m. Overseas investments have also been made, with the company paying \$63m in 1977 for a near 10 per cent stake in Borg Warner and purchasing a 51 per cent controlling interesting for \$22m in FEMSA, the leading manufacturer of auto electrics in Spain. They already hold 30 per cent of SEV-Marchal, an important French producer of auto-electrics.

Bosch's position in its domestic market is very similar to that of Lucas, with a dominant position in the supply of ignition, generation and starting equipment, a strong position on vehicle lighting and again a dominant position on fuel injection systems. The relative sizes of their respective domestic markets mean that Bosch is considerably larger than Lucas in the manufacture of auto electrics, but their volumes on fuel injection are roughly equal, although Bosch has a strong position through licensees in the Japanese market. They have some capacity on vehicle batteries, but this area is dominated by Varta, and VDO Adolf Schindling has a similar position on vehicle instrumentation generating sales of around £250m.

Quality

The industry has an excellent record for product quality and security of supply and this, combined with at least some national preference for domestic sources, has ensured customer loyalty and enabled the industry to grow in line with the motor producers. This steady growth in an established market must be at least part of the reason why the industry has not emulated the aftermarket activities of its opposite numbers in other countries; but pressures for change are emerging.

Few forecasts expect the European car industry to maintain its historic rate of growth against a background of increased price competition from Japanese and Third World producers, not to mention the new generations of sub-compacts from Detroit. The pan-European operations of the U.S. motor assemblers are showing an increasing preference for low cost sources of component supplies, and some people in the industry believe that only political pressure is restraining the Japanese component suppliers from making a determined sales effort in Europe. The massive world population of German cars generates an extremely attractive aftermarket for spare parts, and the passage of time makes it increasingly surprising that the OEM suppliers have not made a determined bid for a direct share of it. Maybe Alfred Teves' recent link with Quinton Hazel in the UK is a sign of things to come.

Brian Toms

French manufacturers realign

A CRUCIAL struggle is taking place at the moment whose outcome will probably establish the broad structure of the French motor components industry at least into the 1980s.

At stake is the Ducellier company, which makes most of the range of car electrics. With a turnover of FFr 800m and a workforce of 7,000 it ranks as one of the leading concerns in the electrical component sector in terms of both output and investment.

Ducellier is owned 51 per cent by the Bendix offshoot DBA which itself does some FFr 1.35bn business in France (including Ducellier). The remainder is owned by the British Lucas group which itself, counting its stakes pro rata, has a turnover of some FFr 1.2bn. The battle has been launched by Lucas' agreed bid for the remainder of the equity, a bid which by any normal standard should have been uncontroversial since Bendix and Lucas were bound by the terms of their partnership in Ducellier to sell only to each other.

Enter the leading French components group SEV. SEV-Marshal is a subsidiary of a holding company owned by the big French group Ferodo as to 70 per cent and of the German Bosch group as to 30 per cent. It went into the Ferodo group recently as a result of a series of moves sponsored by the French Government to create a strong French presence in the components field. In fact the financial plight of a number of concerns, including Paris-Rhone and Marshal, had made some rescue imperative.

Turnover

The SEV group with a FFr 2.2bn turnover is based on alternators, projectors, starter motors and small motors generally and employs some 15,500. A number of well-known names in the components business are part of the group. The Cibie holding company has 30 per cent of SEV itself while a cluster of Cibie companies as well as Paris Rhone and the SEV-Marshal operations form part of the group.

When Lucas launched its bid for Ducellier, SEV stepped in as a rival candidate, and the affair must now be sorted out by the Government. Lucas has argued that it has made substantial investments in France (Girling and Roto-Diesel in particular); that the balance of motor trade is heavily in France's favour (the French sell more than 12 times as many cars to Britain than vice-versa); and that the terms of their partnership with Bendix excludes any solution other than a Lucas purchase.

It also points out more discreetly that if Ducellier went to SEV it would create a single dominant group in France, and this is something that the big three French car manufacturers are very uneasy about.

At the moment—and the affair is reaching a decisive stage — the Government is encouraging Lucas to reach some arrangement which will quieten SEV fears and guarantee in some way that Lucas will not pre-empt its expansion ambitions. One idea mooted is for the re-sale of a part of Ducellier by Lucas to SEV, but this idea is one which Lucas would prefer to avoid since it feels that it needs complete control of Ducellier to continue its investment programme and integrate its production into its European pattern.

The stakes are big on both sides. For SEV the acquisition would establish it without challenge as France's dominant electrical component manufacturer: in contrast acquisition by Lucas would make the British group much more of an all-round rival.

The rather fragmented nature of the sector shows why the fate of Ducellier is so important. The French motor equipment industry registered sales last year of FFr 21.7bn. It comprises no fewer than 360 companies with a total workforce of around 130,000. Of the sales, the break-down last year was FFr 11.6bn for original equipment: FFr 5.1bn for spares and FFr 5bn direct exports. The electrical equipment sector, on which this article concentrates and which is the scene for the Ducellier battle, accounts for sales of around FFr 4.15bn of which FFr 1.9bn is original equipment, FFr 1.2bn spares and the remainder direct exports.

The customers are the three groups which dominate the French motor industry. On the car side Renault and Peugeot-Citroen each make some 1.5m cars a year while Chrysler/Simca makes about a third as many. All three manufacturers see output this year likely to top marginally last year's level, which would put production of cars in France at around the 3.5m mark. In addition, the truck division of Renault with its twin marques of Saviem and Berliet is the leading commercial vehicle client.

Factors

One of the factors influencing the component industry is the tension—in this case not particularly creative—between the Government's ideas of how the sector should be organised and those of the motor manufacturers. The Government, broadly speaking, is anxious to see the emergence of a powerful French group which can compete internationally—in other words, a French version of Lucas or Bosch. The motor manufacturers do not want to find themselves with a single supplier and if this were to come about would look overseas for a second supplier—the obvious candidate being the Bosch Spanish subsidiary.

The strength of the big three manufacturers in a sense was responsible for the continued fragmentation of suppliers, since all three had very strong design and development departments which issued very careful specifications to component suppliers and encouraged suppliers to tie their production to a particular group. This militated against the formation of large organisations seeking diversified markets.

This way of life continued while there was significant growth in the motor industry, but when the tide of expansion started to recede a number of companies found themselves financially beached. It was at this point that the Government launched the Ferodo lifeboat to refloat Paris Rhone and Marchal.

A couple of years ago the twin ideas of the regrouping of component manufacturers and the standardisation of equipment began to emerge as a theme, and it is under this banner that Ferodo is now in the middle of organising its operating companies. It is quite possible that Ferodo itself anticipated making a move for Ducellier in a later phase of expansion: if that were the case then the Lucas bid came two or three years too soon for it.

The other main interest in the sector at the moment is the initiative being taken by Renault to create a component supplier to produce motor control equipment. Renault is seeking a partner willing to tie its investment specifically to Renault's needs. The name most frequently mentioned is that of Bendix, whose main interests are in the hydraulics sector.

Prospects for further regrouping seem relatively remote, if only because the most vulnerable companies have already found new homes and the strong sales performance of the motor industry is being translated into healthy cash-flows for the components manufacturers. For the moment it is the Ducellier case which is the main focus of interest.

David Curry

MAJOR COMPONENT MANUFACTURERS IN FRANCE

Ferodo	France (Turner and Newall of UK has 10%)	Clutches (Verto trade name); aluminium radiators (Sofica); brake linings
SEV-Marchal/ Paris-Rhone-Cibié	France (70% Ferodo, 30% Bosch)	Vehicle electrics; lights
DBA	U.S./UK	Vehicle electrics: brakes
Aciers et Outillage France	(Peugeot has 70%)	Bumpers: chains: steering wheels
Lucas	UK	Diesel equipment (Roto-Diesel); brakes (Freins Girling)
Associated Engineering	UK	Pistons
GKN	UK	Universal joints (Glenser-Spicer)
Wilmot Breeden	UK	Door latches; plastics
Automotive Prods.	UK	Clutch remanufacturing
Eaton	U.S.	Commercial vehicle gearboxes
ITT	U.S.	Brakes (Teves)
Dana	U.S.	Piston rings (Floquet Monopol)
Jaeger	France (45% VDO of Germany)	Instruments
Solex	France	Carburettors
St. Gobain	France	Cylinder liners
Bosch	Germany	Fuel injection equipment (Sigma Diesel); electrical products (Robert Bosch)

THE FRENCH ELECTRICAL COMPONENTS SECTOR

Company	Parent company	Turnover 1976 Frs.m.	Workforce	Main products
SEV	Ferodo/Bosch	2,200*	15,500	Projectors, alternators, starters, small motors
Lucas-France	Lucas Industries	1,191 (a)	7,500	Injection equipment, braking systems, diesel equipment (b)
Ducellier	Lucas/DBA	801	7,000	car electronics
DBA	Bendix	1,357* (c)	10,600	brakes and air equipment
Jaegar	VDO-Schindling	625	5,000	dashboards, mileometers, commutators
Precision Mechanique	Labrinal	544 (d)	5,350	electrical and cable harness equipment
Selma		390	4,000	signalling equipment
Motorola		53	460	alternators
Bosch-France	Bosch	250	Products imported	alternators

* 1977 figures: (a) participations pro rata. (b) aerospace electronics via Thomson-Lucas. (c) Ducellier. (d) Frs.307m in motor industry.

Rubery-Owen's axle housing plant at Darlaston, which is now part of Eaton Axles Ltd.

The UK suppliers

"THERE ARE many small companies in the Midlands who are totally dependent on one customer — British Leyland. It is difficult for them to make the leap and invest in the travel, time and people to develop sufficient overseas markets to insulate them from the risk of a collapse of the company. If there is a further decline in UK motor manufacturing you will see a great increase in the number of mergers and amalgamations."

This is how a senior executive in one of Britain's largest component groups sees the problems facing the UK motor industry. His comments come at a critical time for the smaller British component manufacturers. They have had three years of coping with the difficulties of British Leyland, a period in which they have trimmed their workforces, according to a recent survey, by an average of 25 per cent, and probably taken out a fair amount of capacity. At the same time, they are now beginning to feel the full effects of the drive which car importers, followed by their own component manufacturers, are beginning to make into the UK market.

Shift

The latest figures show that component imports soared last year by almost 70 per cent, outstripping the growth in exports for the first time in many years. There were, it is true, some abnormal factors which inflated this figure, including the series of strikes in the industry last autumn, and the growing propensity of the big multinational car producers to import parts for assembly in Britain. But the trend is unmistakable: as more foreign cars establish themselves on British roads, more and more parts will come in from overseas to service them.

Many executives in the industry believe that these figures are illustrative of a shift in the total European industry which is now irreversible. True, they say, the rot can be stopped to some extent in Britain if the reforms of the new Leyland management bear fruit. Many of the smaller component companies are now being more tightly managed and have a greater diversity of product than for a long time—the crisis has stimulated the survival instinct. But in the long run the increasing integration of the motor industry in Europe means that the flows of cars, trucks and components across frontiers can only expand. For example, in the brake linings industry, dominated in Britain by Ferodo, Don and BBA, a number of East European and West German parts are now entering the country.

This line of thinking has underscored the strategy of the big British component manufacturers for at least a decade, and more in some cases. Partly because stagnation in Britain has meant looking elsewhere for markets, they have changed themselves into fully-fledged multinationals. At home, they have absorbed other companies in a similar line of business in order to achieve the size and the spread of activity to finance outward expansion. Overseas they have moved progressively from Commonwealth markets, to Europe and now to the U.S.

The first aim of these moves has been to jockey themselves into a position where they become a main support for vehicle manufacturers in virtually every important market in the world. This means that the component manufacturer is able to hitch his products to a larger variety of vehicles, which may bring any number of overseas markets in their wake: Brazil, for example, can best be tackled by developing links with manufacturers like Volkswagen and Fiat which produce vehicles there. Mr. Gordon Griffiths, managing director of GKN's component manufacturing division, describes this process as "building up an interface in the place where the products are built. People are determined to manufacture all over the world. Therefore we need to set up an entity in any area where there is design parentage to keep close to developments."

The second aim has been to establish groups of sufficient size to be competitive in world markets. This strategy has been

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Fiat dominates in Italy

"IF WE buy an engine, windows, tyres, clutch and a gearshift, we can manufacture a car." This, with a touch of hyperbole, is how one of the senior directors in Fiat's components company describes the group's activities. It is a widely diversified organisation, which is probably more broadly spread than the strong component organisations run by the French motor manufacturers. It is also large, almost certainly comparing in scale with anything run by rival car manufacturers such as British Leyland, Citroen or Ford. It has 43 plants in Italy, three overseas, more than 31,000 employees, and sales last year of about £620m.

Fiat has now established its components division as a separate profit centre charged with seeking out new markets. This policy change is part of the new Fiat strategy to allow the satellite groups originaly established around the vehicle manufacturing organisations much more freedom of action. The idea is to push them into overseas markets, raise their exports, and make them healthy profits earners in their own right. Other parts of Fiat are being prodded in the same directions, but in a components industry a significant factor in the change may have been the increasing incursion of foreign manufacturers into Italy, who have been able to demonstrate the advantages of an international approach in the components sector.

MAJOR COMPONENT MANUFACTURERS IN ITALY

Fiat Components Group	Italian	1. Comind group: Plastic and rubber components; lighting equipment; electrical cables; electrical equipment. 2. Gilardini group: Hoses; gaskets; filters; pumps; transmission gears; body parts. 3. Magneti Merilli: Batteries; plugs; ignition systems; wipersgenerators; horns. 4. Weber. carburettors; brakes.
ITT	U.S.	IAO Group: Bumpers; plastics; gaskets; tail lights, servo systems; shock absorbers; exhausts.
Ferodo	France	Brakes; headlights; clutches, radiators.
Associated Engineering	UK	Pistons; piston rings; bearings.
Eaton	U.S.	Valves.
TRW	U.S.	Steering gears: piston rings.
Lucas	UK	Carello (40 per cent stake): Headlights; wipers.
Trioni	Italy	Plain bearings.
Turner and Newall	UK	Gaskets
Rovilmec	Italy	Brakes (Automotive Products has 28 per cent)

Competition

In the past, the main competition to Fiat's component interests has come from a small operation at Alfa Romeo and hundreds of smaller organisations which still manage to exist in the backstreet workshops of Turin and Milan. These smaller groups are very strong in the replacement market, in particular. Most importers have found that it is extremely difficult to build up a really profitable and effective spare parts operation in Italy simply because these producers, some of them employing between 500 and 1,000 men, are so deft in spotting and exploiting a market. But in the last 10 years or so, a fair number of multinational manufacturers have moved into Italy as well, exposing the Fiat organisation to the competitive pressures which derive from using large economies of scale in manufacturing.

Among these producers are Associated Engineering of the UK, Eaton (U.S.), ITT (U.S.), TRW (U.S.), Lucas (UK), and Ferodo (France). A number of these companies, along with other big European multinationals in the field, are also importing their products—ITT, for instance, bringing in brakes from Germany, Bosch and Bendix bringing in electrical parts, and Lucas importing Girling brakes and CAV injection equipment.

The product groups in which these overseas groups have now established important operations include clutches and brakes, where Ferodo has an extremely strong position, and perhaps its strongest operation overseas, pistons and other engine parts, in the hands of Associated Engineering, Europe's leading manufacturer of precision components for engines; and valves, under the control of Eaton, the U.S.-based producer. In the steering gear field, TRW has also established a strong position, as in the UK and Germany, and Ferodo also makes radiators and headlights. ITT's collection of companies, called IAO, is very big, but fairly diverse, manufacturing bumpers, plastics, shock absorbers, tail lights, servo systems and another British group, Engineering Components, a subsidiary of Turner and Newall, also makes gaskets.

Fiat says that it is looking at all the areas where it does not have an involvement to consider whether it should move into them. But its main strategy at present is to develop an international perspective and scale of operation, while raising its level of technology to compete at this level. Clearly, the group faces a considerable challenge in pursuing these objectives, since it has been tied so closely to its parent car manufacturing group in the past. Out of the 75 per cent of its sales which go into the automotive sector, roughly half goes to Fiat, and the Weber carburetter manufacturing subsidiary is the only substantial exporter and established international name in the group at present. "The Fiat vehicle manufacturing group buys quite a lot of parts outside the components group," says an executive. "But the important thing now is that we are a supplier like any other. For any new product we stand at the starting line like any of our competitors."

The components group is broken down into eight separate operations. These are:

1.—Aspera, a compressor and small engine manufacturer, employing 4,000.

2.—Comind, a producer of plastic and rubber components, lighting equipment, electrical cables and switchgear. Within these activities, which employ 5,800, Comind makes such products as steering wheels, instrument panels, bumpers, tanks and radiator grills.

3.—Gilardini: One of the larger groups in the division, Gilardini employs 9,200 men, and makes gaskets, fuel, oil and water pumps, transmission gears, bumpers, handles, locks, and other body components.

4.—Magneti Marelli: This group represents Fiat's electrical interests and employs 11,000. It makes the standard range of automotive electrical equipment — batteries, starter motors, ignition systems, generators, motors, screenwipers, horns, and some specialised sparking plugs. It is also moving into the fast-developing area of electronic equipment.

5.—Weber: The company, employing 2,600, has a daily output of 15,000 carburettors from its three factories, about 60 per cent of which is exported.

6.—Fiat Lubrificanti is the group's lubricant manufacturer.

7.—Industrie Verici Italiane is involved in vehicle painting techniques.

8.—Sepa makes a variety of electronic systems, usually for non-automotive uses.

Abroad

About 25 per cent of the sales of this group are exported at present, with a target of about 30 per cent this year. How far Fiat wants to go in the export direction is not clear. It says it will also consider joint projects overseas, and it is likely that, like other divisions of the company, it will be looking out for investment possibilities abroad.

But however far they go, these moves by Fiat are yet another indication of the powerful trend towards more rationalisation in the European market. With the incursion of foreign multinationals into Italy in the last decade, its own home base has come under attack, and so it is now turning its attentions towards the other markets controlled by its competitors.

One additional point about the Fiat approach may provide a talking point in the years ahead. In recent months it has declared itself very much in favour of joint research and development projects with other European groups in areas of high technology. The indications are, for example, that it would like to form links with another producer to tackle the important but expensive field of vehicle electronics. With Fiat's knack for pulling off deals of this kind, it may be that the much-discussed move towards joint European projects in the components field may receive some impetus.

T.D.

UK

CONTINUED FROM PREVIOUS PAGE

the guiding principle in the creation of companies like GKN and Associated Engineering, which are now big enough to keep up a high level of investment in new markets and new products. This is particularly important in the present phase of the motor industry's development, because most car companies are already overstretched in trying to redesign their products to meet the requirements of new standards on safety, pollution and fuel economy.

The effect of these moves has been to create a rapidly expanding presence for UK companies on the Continent in recent years. GKN now has strong bases in both Germany and France with its universal joint business; Lucas is particularly strong in France, with interests in most other significant European markets; Associated Engineering is manufacturing in France, Germany and Italy; Armstrong Equipment has gone into Spain; and Perkins, the Massey-Ferguson-owned diesel engine company, has an assembly operation in Germany; Turner and Newall's Engineering Components subsidiary has invested in Italy; and Britax has moved into France, Germany and Italy.

These businesses have gradually been consolidated during the past few years. Lucas, for example, bought out the DBA interest in Roto-Diesel in France about a year ago, and is now trying to do the same in Ducellier, its French electrical associate, although this deal has run into political problems. Associated Engineering has also added significantly to its business in France in recent years, and all the British companies are progressing steadily in Italy. Whether these developments can go much further, following the opposition which has now ruled out GKN's attempts to take over the Sachs Group in West Germany, is anyone's guess. But in the meantime, a lot of the attention of these growing multinational enterprises has been switched to North America.

The developments in the U.S. are mainly related to the search for improved fuel consumption. This is leading the American motor companies towards smaller vehicles, which will require more European-type components, along with diesel engines (another European speciality) and new electronic methods of engine control. Hence the UK companies' investment across the Atlantic is being directed towards very specific fields: Lucas, in the first place, is putting down a plant for electronic injection equipment (Bosch of West Germany has already done so); GKN is planning to do the same for its universal joint products, in which it is a world leader; companies like Automotive Products (clutches) and Associated Engineering (engine parts, particularly diesel) are seeking out markets which are arising from the new type of vehicles being developed in the U.S.; Ferodo has bought a brake linings company, and Britax, the BSG subsidiary, is establishing a new distribution network for accessories.

These moves have already led to a significant expansion of UK components exports to North America in the last two years. But the main export growth has been to the EEC, where manufacturing investment has tended to help direct exports as well, since it has established a base on which to expand a whole range of business. The manufacturers' claims that it pays to put down production facilities overseas since this creates a better working relationship with local employers, seems to have been valid.

Last year, total component exports from the UK grew by 24 per cent from £1.3bn to £1.6bn. This compares with £711m four years ago, and marks an extremely successful period of expansion for the UK industry which was fuelled by the price advantage given by devaluation. Nevertheless, last year also marked a real setback in the UK, when imports rose by 66 per cent from £455m to £75bn. This year, the signs are that the flood of imports has levelled out to some extent. But it is expected to remain at a fairly high level because of the structural changes which have occurred. Foreign manufacturers are now accounting for more of the British vehicle stock, and the multinational manufacturers are bringing in more parts from overseas for their vehicle building in Britain.

Changes

Because of these changes the future of British Leyland remains extremely important to the components sector. It would be unrealistic to expect that many of the smaller producers in the industry could protect their position by exporting. They do not have the resources to do so. These producers, therefore, need to see the prospect of consolidation or expansion within the British vehicle manufacturing sector before they can see much future for themselves.

The situation posed by these problems is aptly summed up by Wilmot Breeden, a big Midlands supplier to British Leyland, which, although not in the heavyweight league of producers has been just big enough to insulate itself from some of the effects of the slump by its move into France.

"Since 1972, this company has cut its labour force by half, and greatly reduced its capacity in Britain," says Mr. John Given, one of the senior directors. "We were encouraged to put down facilities and anticipate that Leyland would make more cars. It was like creating an appetite for dinner and then leaving us without a meal. If British Leyland wants that capacity in future it will find it gone. Today our major effort is going into Europe."

T.D.

On this and the following page, Terry Dodsworth and Peter Cartwright profile four of the men who run the major British vehicle component manufacturers and suppliers

The men in charge

John Panks

LEFT TO his own devices John Panks might well have been a first-rate Formula 1 driver. But when his then boss, Billy (Lord) Rootes, heard that his dashing managing director for North America had qualified for Sebring, he cabled him to cancel his entry. Though relegated to a spectator role Panks maintained his keenness in racing and is a familiar figure on the circuits and occasionally at hill climbs.

Indeed his move in 1968 from the managing directorship of Rootes' worldwide export business to become sales and marketing director of Automotive Products (he has since become chief executive and deputy chairman), put him even more closely in touch with racing, for AP clutches, brakes and steering components ride on most entries and have helped to win laurels for the manufacturers.

"I like technology and I like to see people's creative thinking expressed in how to make the machines go faster and stop quicker — it is a great hobby and of course AP is heavily involved," he says.

Panks also indulges his hobby by driving fast Ferraris. He is now on his fifth, a V-8 308 capable of 150 mph which he likes to take when he can to Germany, one of the few countries where really high-speed driving is possible. His interest in great racing marques also found expression in the ownership of four vintage Bentleys. "But I now do not get time to keep them as they deserve, and I had to part with them. My affection is transferred to the Ferrari, which I enjoy very much. It has great character, really unique."

This abiding interest in racing and in great marques is very much in keeping with his marketing philosophy and does much to explain the change that has brought AP from a rather staid performer to the foremost rows of the starting grid—without, it may be said, being noisily aggressive. The export race is still being run and the celebratory champagne has still to be broached, though this may be done when the new American subsidiary starts accelerating.

When I met Panks he was just back from Italy, cementing a fresh and novel contract with Fiat to supply front disc brakes for its new medium truck range. AP has two component factories in Italy supplying Fiat cars and trucks and Alfa Sud. In France a second factory was opened near Orleans to complement the clutch plant at Angers. This drive to develop overseas markets, which keeps Panks abroad for one day out of three has taken AP to a 60-40 per cent export/home sales ratio in three years.

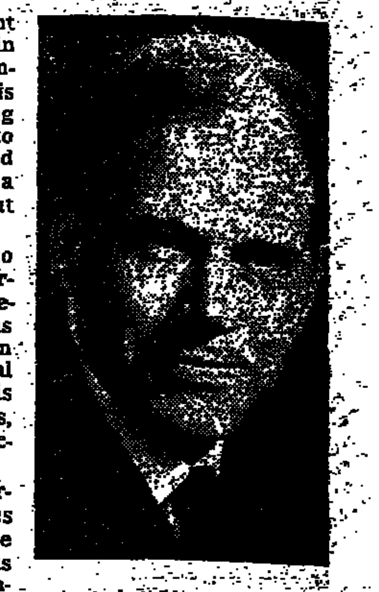
"If we are to set our sights for a steady increase in business into the eighties and nineties we must go across the Channel and to other markets," he insists. "No other country has been subjected to the dramatic change in the ratio of home to foreign cars in the market as the UK. As a result of imports from Japan and elsewhere, as well as imports by European-based American vehicle producers, the UK vehicle market has levelled out. Our base operations will remain here, but selective manufacturing will be carried out abroad. After all, in Europe we have become accepted as being as reliable a supplier as any of their home manufacturers."

Nevertheless Panks does not see either local manufacture in Europe or selling into it continuing indefinitely. That is one of the reasons for going to America. Another is to become intimately involved with the development of a world car being brought about largely by the energy crisis.

He is also keenly sensitive to the opportunities in the aftermarket for spares and replacements, but is equally conscious that the unavoidable way in is through supplying original equipment either from this country or from overseas units, whichever the economics dictates.

Such a full schedule of overseas visits sometimes requires an effort of will. "But we cannot expect to rely on reports and feed-backs for crucial information," he explains, "and anyway I like meeting our overseas people face to face." Shortly Panks will be flying to Japan, where AP has five licensees, "to make sure the latest technology is being used to best advantage."

P.C.



John Collyear

ASSOCIATED ENGINEERING, one of the largest manufacturers of precision engine parts in the world, stands right in the centre of the revolution which is taking place in the components industry today. On the one hand it is exposed to the enormous pressures which are being exerted to improve fuel efficiency. On the other, it is having to respond to the equally strong drive towards diesel power plants. Meanwhile, like all British companies in the field, it is having to cope with the continuing saga of the troubles at British Leyland and lack of growth throughout the vehicle production industry.

The group's tactics have been to establish a spread of business which minimises the difficulties in any one sector and allows it to take advantage of an upturn in any other. Its basic interests in pistons, piston rings and bearings are directed towards both the petrol and diesel engine; while in the rest of Europe it has positioned itself with manufacturing bases in France, Germany and Italy. "There is an opportunity in every problem," says Mr. John Collyear, managing director, commenting on the push overseas which has helped Associated Engineering cope with the slump at British Leyland.

In the technical field, AE's strategy is to concentrate on areas of high technology, says Collyear. The proportion of money spent on research and development in recent years has gone up to cope with the changes being sought for the new generation of engines. "If you are designing an engine and want to know the pressures on the pistons we can do a computer analysis to show what the streses are, better than anyone else. We think that these considerable resources within the group give us first class technology which we can exploit overseas."

AE's areas of specialisation are also obviously difficult for competitors to break into. For a start, bearings and rings are the two engine items which no manufacturer, other than General Motors, makes for himself and the manufacturing technology in a high volume, small precision part like rings means establishing a fine balance between costs and low unit price which demands a great deal of know-how and limits the possibilities for newcomers trying to break into the industry. Nevertheless, much of AE's investment effort in recent years has been directed at improving plant efficiency and raising productivity to strengthen its competitive position.

The biggest proportion of new investment has, however, been put into the diesel engine field. A new diesel engine piston ring factory is being built in the UK with the aim of sending substantial supplies to the U.S. "Some of our European users such as Perkins and GEC are going into the U.S., and we have had good relations for a long time with companies like Cummins, International Harvester and Caterpillar, which has vast expansion plans," Mr. Collyear says.

This does not mean that AE is going overboard on the diesel. Collyear is much more down to earth on its prospects than many people in the motor industry today. He believes, for example, that the engine's potential in the car field has been oversold in some quarters, although it has clearly not been exploited as much as it could be as yet. But, particularly in the U.S., there are big prospects for growth in diesel engine use in specific areas such as off-highway vehicles, and AE's policy is to go for these selected market niches.

Up to now, AE has not invested in its own manufacturing facilities in the U.S.—although it has a small stake in a company over there—because many of its products are light enough to export direct. But it is clearly watching the situation, and looking at volumes carefully. Collyear believes firmly that the world components industry will become much more concentrated in the years ahead, mainly because the vehicle manufacturers are themselves looking for a smaller number of suppliers on a worldwide scale.

Thus he argues in favour of the process of amalgamation which has created companies like AE in Britain during recent years.

T.D.

Jeffrey Wilkinson

THE MANUFACTURE of electrical and electronic car parts is well on the way to being rationalised on a world scale, with Lucas and Bosch emerging in Europe to contend with the American giants such as Bendix and Motorola. A great deal of Lucas's activity in the past few years, therefore, has been overseas in a bid to become one of these leading world companies. It has gradually strengthened its grip in Europe, while moving into the developing world and, now, into the U.S.

Exports have risen sharply as well, but Mr. Jeffrey Wilkinson, the head of the electrical division, believes firmly that, in many markets, there is no alternative to direct investment. In Iran and the Philippines, for example, both countires where Lucas recently became involved, there is pressure to establish local companies; but equally, these countries are happy to buy technology in the form of licences, because this is a cheaper process than developing parts for themselves. Similarly, Lucas has set up shop with a workers' co-operative, Zastava, in Yugoslavia.

At the same time, many customers want companies like Lucas to have a variety of manufacturing bases in the hope that this will give a greater security of supply during disputes—Lucas was able to make up some of its losses during the toolmakers' dispute in the UK last year by importing from its overseas subsidiaries. "We are finding increasingly that you just cannot export direct from this country in many parts of the world," says Wilkinson. "You have to do it with a partner or with a licensee. And in many countries, including parts of the Continent, the UK will simply not be accepted as a single source."

Combined with the overseas investment strategy (some analysts claim that this has reduced Lucas's reliance on Leyland's business from 40 per cent to 12 per cent of its total), Lucas has also embarked on a sweeping redesign programme. Every product in the range has been redeveloped within the last three years to metric standards, with the objective of making the dimensions, and the performance characteristics, suitable for any European car. Alongside this redesign programme has gone a new "all-makes" project aimed at developing a range of products suitable for the replacement business on imported cars, such as the Japanese. Started three years ago, Wilkinson expects this project to be worth £20m in sales by 1980.

The main objective of the future European investment policy will be to ensure more dual sourcing. Thus Lucas will clearly be trying to expand the ranges of products in its associate companies in France (*Ducellier*) and Italy (*Carello*), while going for majority stakes and managerial control. The bid for the 51 per cent of Ducellier which it does not already own was part of this strategy, and although it has been foiled so far by French opposition, Lucas is likely to continue to pursue this objective, along with a similar policy at Carello, which, at present, is mainly in the vehicle lighting business.

The consolidation of its European interests will also form an important element in Lucas's attack on the extremely important area of vehicle electronics, which is expected to develop enormously in the next ten years. Wilkinson believes that this revolution can only be tackled by close co-operation between the vehicle assemblers and the component suppliers, simply because of the amount of manpower and investment required.

"In Italy and France the manufacturer in the past has done the design, and the component company tended to be a subcontractor. But we are now changing this, and when electronics come along I don't see vehicle manufacturers being able to allocate enough research and development to make it worth their while. Therefore they will look to suppliers like ourselves."

T.D.

Growing after-market

COMPANIES WHICH have committed resources to developing their distribution and retailing of motor components will be encouraged by a recent report, commissioned by GKN Distributors, which showed that the do-it-yourself car repair market was valued at £522m last year.

This has confirmed the view of many companies in this market that it is a strong growth area and that motorists, faced with rising repair costs, are making increasing use of retail outlets for an increasing range of parts which they can fit themselves.

The survey, commissioned by the trade journal Auto Accessory Retailer, said that 87 per cent of motorists purchased some parts or accessories for their cars last year. This compares with an estimated 35 per cent of car owners engaged in any DIY activity in 1971 and 75 per cent in 1976.

It is also estimated that growth in the "after-market" over the next few years will be higher than the anticipated rise in the number of cars on the road, which should be between 2 and 3 per cent over the next decade.

The main reasons for this expansion, the report says, lie in the cost of motoring, which has risen by 267 per cent in the past five years. This has resulted in consumer resistance to garage charges and a tendency of motorists to retain their cars as long as possible rather than pay sharply higher prices for new cars.

Last year these motorists spent £289m on parts, accounting for 55 per cent of the total DIY after-market. Some 82 per cent of all motorists bought electrical parts, while 43 per cent purchased at least one brake and suspension part. A further £76m was spent on maintenance and repair equipment and £131m on accessories, with car care equipment accounting for the rest of the market.

For some time the major component and vehicle companies have been aware of the market trend and have diversified to take advantage of it at a time of stagnation in the car and other vehicle markets. The motor manufacturers, which continue to see the components sector as a high-turnover market where good margins can be achieved, direct their activities through organisations such as Unipart (British Leyland) Motorcraft (Ford), Mopar (Chrysler) and A. C. Delco (General Motors).

At the same time the whole structure of the components industry has changed in recent years, with a large number of component manufacturers establishing their own distribution organisations to give themselves more outlets and access to the higher margins which they did not achieve before.

Independent

GKN is one of the newest companies to enter this highly competitive area and has committed considerable funds to do so, either through acquisition or development, but faces a hard task.

It is faced with the already well-established companies which dominate the component suppliers and an attempt to set up an independent distribution arm with little bias towards its own products would create the problem of competing in distribution against suppliers.

The success of Unipart is clearly based on its ability to adapt to changing market conditions, exemplified by its recent additions of new products such as oil, which was introduced recently with some success. This was prompted by the fact that an increasing number of motorists now change their own oil.

Another growth area which Unipart has exploited is the sale of fast-moving replacement parts or service items, such as filters, wiper blades and the like, for the increasing number of foreign cars being sold. Sales by Unipart in this sector alone are expected to reach £7m this year.

The company now expects to increase the number of its outlets to 600 by the end of this year, of which 12 to 15 per cent will be so called Unipart Centres, and more emphasis is to be placed on self service.

Efforts are also being made to introduce more franchising while at the same time maintaining standards of product and improving packaging. Another statistic which strengthens the company's commitment to the market is that an estimated one in six people now carry out some work on their own cars.

Similarly, concentration on the foreign car market is partly justified by the fact that there has been a sharp rise in the number of imported cars bought by individuals rather than companies, and the market for all parts for these cars is estimated to amount to £350m this year.

The vast majority of parts supplied by Unipart for these popular makes of imported cars are manufactured in Britain to specifications which are said to be equal to or higher than those of the original equipment (OE).

But pricing of these products is crucial in a competitive market place and Unipart has concentrated, through an aggressive marketing policy, on achieving high volume rather than high margins.

GKN's approach to the market will be somewhat different and may be loosely based on the type of independent components business which has developed in the United States. Success there has been achieved almost entirely through an improvement in distribution to levels not seen in the UK.

Mr. Basil Woods, GKN's planning director, pointed out recently that in the U.S. there are national distribution systems which can offer 24 hours' service throughout the country. This sort of thing, he said, was standard in the U.S. and a similar approach in the U.K. would create sufficient leeway for GKN to break into the market late in the day.

Although a copy of the U.S. system would probably not be feasible in Britain or Europe (due to the number of common parts in American cars) the principles of quick supply would almost certainly be successful in the market place if they could be achieved.

The retailing aspects of component supply have in recent times become far more important to the manufacturers and distributors and many of the off main street factoring distribution centres run by the big companies have become more like shops, with customers from the general public almost as important as trade buyers. Unipart's packaging policy, which is still developing to provide easier handling, display and uniformity, has clearly been important in its success.

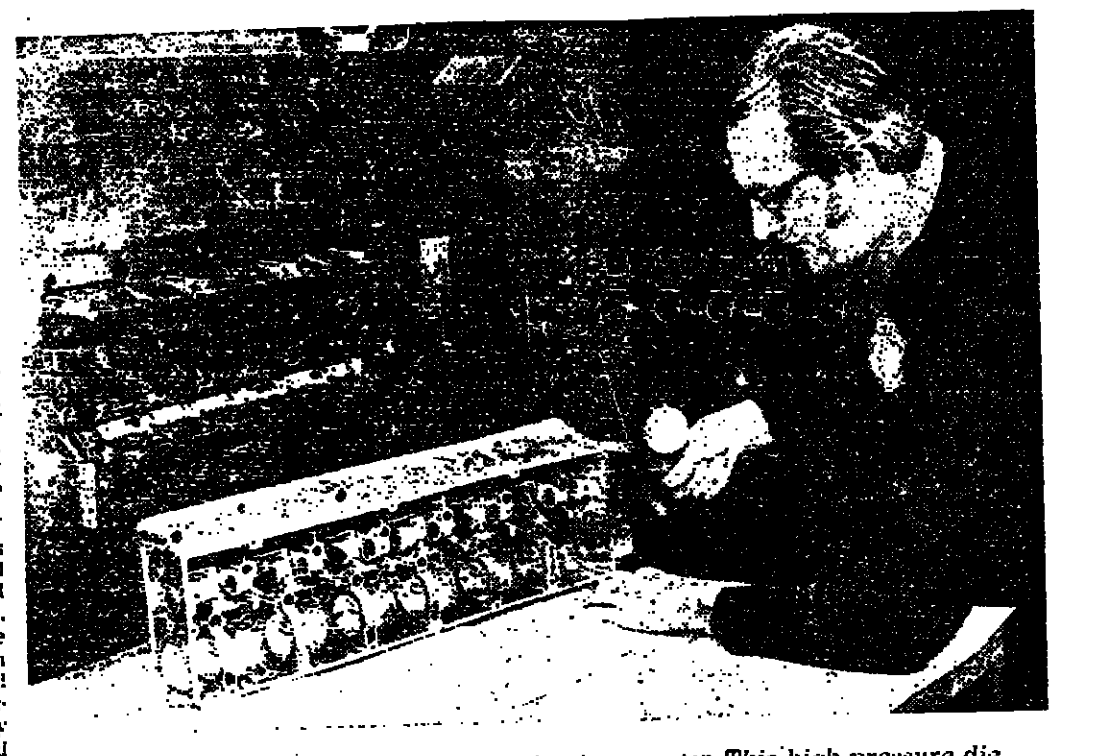
The natural extension of this is the appearance of retail shops catering wholly for the DIY customer, and one company, Armstrong Equipment, has established a chain of these outlets with some success, although it has discovered that the correct location of these shops is crucial to their success.

The range of parts which is in demand from the retail customer has also changed considerably in past years, continually extending from the simple items to parts which traditionally have been fitted by garages. As car manufacturers continue to simplify replacement of parts this trend is likely to go even further.

Similarly, the more international the motor industry becomes, the more complex the whole distribution system becomes for components, but at the same time the British parts distribution system has become far less fragmented. The major area of competition in Britain is now likely to be the supply of components for imported cars, with Continental companies likely to enter the battle even more aggressively.

The competition which already exists is largely a result of the difficult times motor manufacturers have been experiencing and the economic problems the country is experiencing, but in terms of service to the customer it has been a welcome development.

Lorne Barling



This high pressure die casting for the Rover, supplied by Aeroplane and Motor Aluminium Castings, is the largest yet specified by a British car engine builder.

Gordon Griffiths

GKN's COMMERCIAL strategy in recent years has been marked by a move towards vehicle components with a high technical content. This policy led to the acquisition of the Hardy Spicer universal joint concern, and is one of the factors underlying the unsuccessful bid for the Sachs Group of West Germany, whose main products are clutches and shock absorbers. These are more sophisticated products than the forgings and pressings which have provided GKN's main line of business in the past. They also tend to need replacing more often during the life of a car, and would thus have provided more after market business for the company.

At the same time, GKN has begun to move more aggressively into world markets. The company was rather slower to do this than some other groups in the UK components industry, but there is no doubt that it now intends to establish a very large proportion of its business overseas. The ban imposed by the German Supreme Court on its bid for the Sachs Group is, of course, a considerable cloud over these ambitions. But in the past 12 months it has taken the decision to compensate partly for this by establishing a manufacturing base in the U.S., while it is also in the thick of negotiations to establish a universal joint plant in East Germany.

The vital shift of direction for GKN came about ten years ago. "Up until 1969 to 1970 we were only putting down microscopic reproductions of our business into our colonies," says Mr. Gordon Griffiths, the director responsible for motor components.

"There was a marked reluctance to take any sort of risk overseas. People were not foraging. But then we figured that there would be more and more of an incursion from overseas. British models were getting older, costs getting higher, and some people were not making as much money as they should have been."

Griffiths' objective overseas is to establish subsidiaries in most major vehicle manufacturing zones. Like most executives in the components industry, he holds the view that it is best to be reasonably close, geographically, to the car and truck producers in order to be able to influence their buying decisions. He talks of establishing an "interface" with every major producer in an attempt to latch onto specific areas of market coverage—for example, a connection with the German producers or Fiat would automatically bring an entree into their export markets in South America. This brings with it opportunities in the replacement sector.

Despite the emphasis on overseas sales, however, there has been no disinvestment in the U.K. The company has added capacity in some areas, says Griffiths, and the attitude has been to "take maximum advantage of any opportunity we have had and at the same time protect our investment in the UK and British Leyland." In fact, exports have gone up in the last few years, despite GKN's awkward product range for this kind of business. Although many of the company's parts are heavy, and therefore not ideal for sending long distances, GKN has found that it can put together packages in carefully selected areas—it has, for example, greatly expanded sales to the U.S. Exports now account for about 20 per cent of business.

The three factors in success overseas, says Griffiths, are quality, performance and cost. A lot of emphasis therefore has to be placed on the first two characteristics, where British companies have established a notably poor reputation overseas in recent years. Given a satisfactory performance on this count, British companies are in a strong position, particularly in their attempt to break into the U.S., because of their low wage costs. "If you take the general cost structure in the U.S. you will always find an advantage here because of our wage costs. This has been a fact for 25 years and as long as this differential remains we shall always have an advantage."

GKN also has another great strong point in its favour—its universal joint technology, which provides a vital function in transmitting power from the engines to the wheels in front-wheel drive cars. Its only serious competitor at present on a world scale is Peugeot-Citroen. Yet this market is growing at a vast rate as more and more manufacturers move over to front-wheel drive. "There is a step change in constant velocity joints," Griffiths acknowledges. "If we are good we shall hang on to the business for some time. If we are bad we shall lose it."

T.D.

Days of do-it-yourself

"WE ARE in the supply or cancel business, whether you call it the after-market, selling to major factors, the High Street business, cash and carry, Do-It-Yourself or whatever." This was from the marketing executive of one of the UK's largest replacement part makers and distributors and is probably as accurate an approximation of a market without defined boundaries as one can expect.

It is fashionable these days to dress up mutton as lamb by investing old customs with "in" descriptions and by producing statistics to throw in people's eyes, accompanied by the appropriate technical jargon. "We have 45 per cent of the market for double-acting water hoses made by UK after-market suppliers" may turn out to be only about 15 per cent of the total market after counting in the same products made by car manufacturers, other sources and imports.

Dependent

In fact some things have not changed all that much from the earliest days, even though the range of accessories and spares has widened enormously with the increasing engineering and electrical sophistication of cars. Success is still dependent on the ability to supply the required article on the instant and of a quality to ensure consistency of business. That is still the touchstone for those handling replacement parts and accessories, however and to whoever distributed. And, it may be added, to whatever market, home or overseas.

Success is also influenced by the ability not only to spot how the total market is moving, but the way in which its various elements are changing in response to economic circumstances and high pressure advertising.

One of the more recent phenomena has been the growth in DIY equipment and facilities. Faced with repair labour charges of around £5 an hour, more and more motorists are trying to maintain their cars themselves, or with the help of friends, or "moonlighting" garage fitters. Some smaller owner-run garages also offer facilities, like lifts to get to the underside of a car, special tools for such things as replacing wheel bearings, and skilled help with engineering and electrical problems.

There is no doubt that with the dramatic increase in fuel and other motoring costs, inflation and wage restraints, the DIY sector of the market has been growing vigorously. Because of the fast moving and fast changing nature of the after-market business it is a sector that is being studied with keen interest to try to determine the potential and future trends.

Arguments as to how it will develop tend to go in rather opposite directions. There are those who believe that DIY is set to grow pretty steadily, and that the temptation for smaller garage and similar concerns to latch on to the business, even by providing suitably equipped mobile workshops for hire—after the fashion of the increasingly popular van hire business—will be too difficult to refuse. Success depends on quick decisions to snatch every prospect of extra turnover.

Others point to the number of serious crossover and other motorway accidents in which poorly maintained cars and other vehicles are involved. Britain lags behind other European countries, particularly Sweden, in safety standards, and this is not a situation that can be allowed to continue indefinitely, runs the argument. Ministry of Transport tests are becoming stricter, partly because 80 per cent defective parts that are still operational can be passed by the less scrupulous, and partly to see that as far as possible the 14m or so cars on the road are safe.

This tightening-up has recently been taken a step further by the plan to reduce the number of premises licensed for MOT testing. That would certainly enable closer control of the remainder.

Any movement towards stricter testing seems bound to limit the scope of DIY, though it may not diminish its growth. Without some kind of quality control over repairs to safety-sensitive parts like steering joints, it could get out of hand as owner drivers tried to economise on rising spares and repair costs. Modern cars are extremely sophisticated pieces of machinery in which it is foolhardy, and possibly dangerous, for amateurs to meddle. Disrupting an electrical connection may not do much harm; but even changing the hydraulic brake fluid could lead (and has done so) to total loss of braking power at a crucial moment.

If DIY is confined to routine oil and plug changing, putting on a fan belt, even renewing brake pads and linings, and providing the person is sufficiently skilled or is under supervision, no great harm will be done, for the more skilled maintenance will be carried out by the trade. Nevertheless there one or two areas where DIY could eat into the business of fast-fit centres like exhaust replacement. Those offering DIY facilities could also take some business away from traditional sources, although one would have thought that the return on merely hiring would not be sufficient to attract very many into the game.

There is too a further element in the equation. Vehicle manufacturers, and especially car manufacturers, are vividly aware of the need to reduce maintenance to a bare minimum. It has become a highly competitive feature. Tremendous pains are taken at the design stage of a new model to see that it goes together easily on the assembly line and that replacements can easily and speedily be made for maintenance purposes. This has greatly helped to reduce the time (and therefore cost) of routine maintenance.

Efforts

That is fine so far as it goes, but the after-market does not really begin to operate until a car is out of warranty. New cars are religiously taken along to franchise dealers, and though they make tremendous efforts to maintain customer loyalty after the warranty expires, this kind of loyalty has withered—sometimes to the point of extinction because of the fierce competition from the after-market suppliers.

Car manufacturers tried desperately hard to channel business only through recognised or franchise holders, but it was a Canute-like gesture against the swelling tide of entrepreneurial independent spares makers, the Quinton Hazells of this world. The trend to non-franchised operations grew strongly during the sixties in response to the needs of VW Beetle owners, and there are now a substantial number of VW "specialists" mainly buying their replacement parts from an import source or UK supplier.

Such suppliers attracted disreputable epithets, like pirates. At least that was so until rather belatedly suppliers of original equipment to the vehicle factories, and then the vehicle makers themselves, got in on the act. Now many of the "pirates" either supply original equipment to the car producers or to highly regarded chains of shops, and have become further respectable—and respected—by taking their expertise and their products into Europe and further afield.

The stiff upper lip with which the traditionalists tried to meet the onslaught from upstart entrepreneurs with a keen eye to business could not last in the face of the gathering momentum of foreign cars into the market. VW Beatles were followed by Renaults, Fiats, Peugeots, Volvos, Saabs, Alfa Romeos and Japanese makes. Nor these days can the imports from their European plants by Ford, Chrysler and General Motors (Vauxhall and Opel) be overlooked. The 40 per cent of the UK market that imports have been taking will increasingly be coming on to the after market for replacements and accessories.

The whole of this market has become a free-for-all, with car makers like British Leyland, Ford and Chrysler investing heavily in comprehensive warehousing and distribution facilities and acquiring parts from many sources to service all makes of vehicle.

The Associated Engineering group, which in A. E. Edmunds Walker has one of the biggest spares organisations acknowledged the trend by setting up a separate company, Imported Vehicle Parts. "In the past the non-franchised operator has been forced to obtain his parts from a main agent, often travelling long distances and receiving low discounts for his efforts", says Geoffrey Butchers, director and general manager of IVP. "In the fast developing new situation he can now order by telephone and expect fast deliveries of identical to original equipment parts."

If there is a dividing line in this sector of the market it is that the motor manufacturers tend to concentrate on fleet owners while the smaller parts manufacturers go for the more specialist cars that may not have the same spares backing as the popular saloons. It is at any rate a fairly common way into the market.

There are various estimates of the value of the UK market but a guess of £800m annually might not be too far out. It is not easy to pin down significant changes in a constantly changing market; but a trend that seems likely to develop quite strongly is towards specialisation. The days of retailers offering everything from wellies to white wall tyres may be numbered. And while the scope of DIY will almost certainly be limited, its volume will almost certainly increase from the present 25-30 per cent of the retail market to nearer the U.S. figure of around 50 per cent.

Peter Cartwright

The electronic revolution

THE WORLD motor industry stands today on the verge of its own version of the electronic revolution. The changes brought about by these new applications are likely to be some of the most radical to have affected vehicle design for the past 20 years. They will play a part in the rapidly accelerating process of lightening and miniaturising parts in the attempt to introduce more space into the smaller vehicles which are now being designed. But their key role will be in reducing fuel consumption through a variety of engine management techniques. These will be designed to optimise the use of fuel and make it possible to run cars effectively on leaner mixtures of petrol and air than are current at the moment.

Already, vehicle electronics have gone a long way down the road towards achieving these objectives. In America the new Cadillac Seville is running around today with a complex engine management system on board, and a dashboard light which warns the motorist that he is using too much fuel every time he steps too hard on the accelerator pedal. Chrysler has also converted most of its cars to electronic ignition systems.

The problems with all these developments, however, is cost. To a large degree, the technology already exists in embryo form. Electronics are already widely used in the aerospace industry where lightweight components which work to a high degree of accuracy are at a premium. But the systems now have to be simplified and designed down to an acceptable price for the average car. How long this will take, no one quite knows, but the main lines of activity are as follows:

1. Breakerless Transistorised Coil Ignition: Under this system, the current which causes ignition is switched between the different plugs and triggered off by electrical components, rather than mechanical breaker points which operates both as a triggering device and a current switch. The advantage of this system is that its eliminates mechanical wear of the breaker points, produces better consistency of ignition timing, and gives higher voltages, which is important in a period when leaner fuel mixtures are being increasingly used.

The system costs more at present, but is virtually maintenance free, and is reckoned to give higher fuel consumption. All new cars in the U.S. now use these components, and the conversion is just beginning in Europe, where about 15 per cent of vehicles are reckoned to have breakerless ignition units.

2. Computerised ignition: This is a refinement of the breakerless system, in which a computer is used to calculate the optimum ignition timing for every turn of the crankshaft. The idea is for the computer to get information about engine loads, heat, and engine speeds, and to calculate the timing of the ignition to optimise fuel consumption and control fumes. Micro-computers are now being developed to take over the tasks of control and adjustment, and have gone into small series production at General Motors and Chrysler.

3. Electronic injection. Direct injection of fuel mixes into the cylinder is now being widely used as an alternative to the carburettor, because the system achieves a cleaner burn of the fuel, and tends to improve fuel economy. In countries where there are tight controls in both these areas, such as the U.S., injection systems are therefore gaining increasing acceptance. In some of these systems, electronics are used to measure the air flow and determine when fuel should be delivered to the intake ports.

Bosch, the West German electrical group, has developed a refinement of this system, called the Lambda sensor, which is designed to regulate the air-fuel mixture by sensing the residual oxygen in the exhaust gases. The sensor feeds information back to the electronic control unit which then regulates the injection process to give the ideal mix. Again, the concept behind this is to improve economy and reduce pollution.

4. Anti-skid: Electronic methods of measuring the speed of wheels under braking conditions are being designed provide a means of prevent skidding by stopping wheel l The idea is that sens attached to all the wheels i pendently regulate the brak by means of electronic sig so that they are never q allowed to lock. This will the vehicle to be steered in the wettest conditions.

5. Transmission: A poss long-term advance will be e tronic methods of control the gearbox along with al the engine functions. notion behind this process that a computer would con the vehicle to give optimal usage much better than present human and mechan methods. Thus it would rece instruction on the speed driver wants the vehicle to and then select the appropr fuel mix, engine speed and g ratio. But these central c puter systems for cars depend crucially on the devel ment of microprocessing te nology to provide adequ storage facilities.

Speed

There are also other critical fields, such as control systems, in which el tronics are already proving th worth in cars. Clearly, the fore, the application of technology will be one of central fields of development the component manufacturers the next decade, and already major companies are jostling position. In Europe, Bosch a Lucas are in the pole positi while in the U.S., both Bend and Motorola have made sig ficant steps forward. At same time, General Motors a Chrysler have also entered race and are now using designed in their own co ponent subsidiaries.

The major problem facing these companies in the yea ahead is the high cost development in this field. F this reason, it is being su gested that, in Europe, co ponent manufacturers might g together with vehicle compani on joint projects to share cost and the necessary ma power. Significantly, in context, Bendix recent announced that it might en into such an agreement w Renault, the French vehi producer, and Renault h admitted that it is talking to U.S. group along with Bosch an Lucas. If such a deal i arranged, other vehicle pr ducers can be expected follow.

T.D.

هكذا من الأصل

THE TORIES' RADICAL CHANGE IN REGIONAL POLICY ● BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

Busting the 'catalytic cracker syndrome'

OVER THE last two years there has been a radical shift in Conservative thinking on regional policy. When the Tories produced their policy document, *The Right Approach*, in October 1976, even the most careful of readers had to delve for any mention of regional affairs. Towards the bottom of page 32 part of a sentence stated that "... the powers of the Scottish and Welsh Development Agencies to buy into profitable companies would be removed ..." Otherwise, the far-flung parts of Britain might not have existed.

By the time *The Right Approach to the Economy*, the policy document bearing the imprint of Sir Keith Joseph, Sir Geoffrey Howe, Mr. James Prior, Mr. Angus Maude and Mr. David Howell, appeared a year later the party was more loquacious. Two whole pages were given to regional policy, the core of which indicated a significant change of emphasis from Labour's approach.

The Tories conceded that there were still serious economic differences between various parts of the country but argued that the cost of assisting those areas where dereliction or unemployment was high was often borne by successful concerns "whose growth may well have been curtailed" as a result.

They argued that pumping huge amounts of money into capital-intensive, labour saving plants did not help to ease unemployment in either a local economy or the national economy and so there would have to be control over total local expenditure *in order to get* better value for money spent. The intention, in the words of the pamphlet, was to introduce "changes in the structure of regional grants, so that they are more effective in encouraging *the generation of real jobs, jobs* that will last."

The document was specific about one other area, industrial development certificates (IDCs). *To prevent* the decline of prosperous areas, such as the West Midlands, and to reduce the stringency of government controls on industrial and office development the Conservatives suggested that the IDC threshold should be raised and the system of office development permits ended.

Higher figure

There is some *sympathy* for this proposal within the Government. It has already raised the threshold for IDCs from 12,500 square feet to 15,000 square feet and while the Tories would probably call this nibbling at the edges it is at least a step in the direction they want to go. They would certainly put the figure much higher, probably somewhere between 30,000 to 40,000 square feet and if they come to power it is unlikely that Labour would spend much time opposing *such a move*.

That the Conservatives felt able to devote two pages in their *document to a discussion of* regional policy reflects a considerable shift in their thinking. Two years ago, when hard-line positions were being taken, regional policy was a non-runner. Instituting a fuller market economy was considered to be a *better policy* than tinkering with projects.

Since then it has come to be *accepted that the Tory Party has* to have a view on what ought to be done in North Devon or the Crampians, on Tyneside or Merseyside.

One man, Teddy Taylor MP, the Shadow spokesman for Scotland, has probably done more than any other to change party attitudes. He has argued strongly, not to say vociferously, behind closed doors that the Party *in Scotland has to have* something to put before the voters. He has been helped, in a quieter way, by Nicholas Edwards MP, his counterpart in Wales. Mr. Edwards accepts that something special has to be *done to protect Wales, particularly* as it is now going through a difficult time with closures in the steel industry.

The support of these two MPs meant that the committees *looking at regional policy*, largely under the industry spokesman, Kenneth Clarke MP, were given fresh hope. Instead of being relegated to a relatively *routine exercise they* began to feel that they were not some forgotten army of the Party.

They were determined to try to avoid some of the Party's excesses in adjacent fields. It is conceded now that the Party *has got egg on its face over* the National Enterprise Board, for instance. The first policy document stated: "The NEB must be abolished, though we *shall have to retain some sort* of administrative mechanism for selling off NEB shareholdings *where this is possible and for* administering those which cannot be sold off immediately. ... Similarly, the powers of the Scottish and Welsh Develop*ment Agencies to buy into* profitable companies should be removed."

A year later, while still genuflecting to the theme that "ill-considered rescue schemes take money from the more efficient to give to the less efficient," it was conceded that "of course we recognise too that there will be some exceptional cases *where help may be justified in* the national interest." An embarrassed party did not actually say in so many words *that such help would be given* by the NEB, but *the inference* was plain.

Those devilling away in back-room committees on regional policy were partly saved from *being too doctrinaire by a lack* of tactical direction from above. Now, however, the pressure *is on them to produce* a policy. Goaded on the one side by Mr. Taylor's persistence and on the other by the possibility of an October election, one of *the Party's leaders* will make a pronouncement on regional policy soon.

The two issues *discussed in The Right Approach* will figure prominently. But while Labour *might not* cavil too strenuously at abolishing office development permits it is likely to resist strongly any tinkering with the concept *of regional development* grants. For it is here that the Conservatives see considerable scope for change.

The *Tory approach* is that regional grants could be made much more cost-effective. They believe that what is known as the catalytic-cracker syndrome —in which a £300m project may create relatively few jobs, say *300—will have itself to be* cracked. They believe, with some justification, that there ought to be a ceiling on the amount of aid given in relation to the *number of jobs created*.

In other words, Conservative policy makers are against giving a 20 *per cent grant automatic*ally to a project merely because it happens to be sited in a de*velopment area. They are par*ticularly opposed to giving such grants to companies which would have gone to the area in any case. So they would not, for instance, support grants for the £290m catalytic cracker being *built by Texaco and Gulf* at Milford Haven. But they would support projects such as Ford's £250m engine plant at Bridgend, in South Wales because this will not only create 2,500 jobs but might even have gone elsewhere outside the U.K.

This approach suits the Con*servatives' determination to find* areas of Government spending where economies can be made. If a Conservative administration is to meet its commitment to make tax *cuts on the one hand* and increase some areas of public spending, such as defence, on the other, then it is looking for large savings in *some parts of the public sector*. Regional development grants is one such area where it expects to make big savings.

In the financial year to April, 1978, these grants amounted to around £350m, *slightly* below the *figure* of £407.7m in the previous 12 months. Since the Industry Act *was passed in 1972* Section 1 grants (which exclude selective assistance under Sec*tions 7 and 8*) have amounted to £1.4bn.

Such grants would not be cut off altogether. Some *cost-*effective schemes would be helped, *though the definition of* cost-effectiveness has yet to be announced. They would pump some money into the assisted areas, though on a much reduced scale. *It is also pos*sible that the Tories would offer a new *form of grant* for the regions on top of the reduced level of development grants. *What is clear is that aid in this* sector would be low-key compared with what is given now.

*Given the extent of such sav*ings—perhaps £200m to £300m a year—the logical next step would be to redraw the assisted areas map. These areas already *cover half the country and there* are considerable anomalies. But there is no intention to undertake this exercise before an *election, because it is seen as* more a matter of administration than principle. Taking no action would also keep all the lobbyists away from the Shadow Cabinet as any local authority which knew it was to lose its development area status would immediately be up in arms. But it is a possible move for any Conservative minister to make.

Attitudes towards both the Scottish and Welsh development agencies have *softened recently* and while it is still intended to discourage them from taking *equity shares in companies* their other roles, especially in the creation of advance factories, are *accepted. There is, however, no* chance of other areas of Britain, such as the north of England, getting their own agencies despite the urging of this course by *some sympathetic backbench* Tory MPs.

The other big field likely to *feature in Tory regional policy* is the European Economic Community. The Tories believe Britain should act as "good Europeans" and that the present *Government is merely using the* Regional Fund to get money back from Brussels.

These are all quite substantial changes from present policy, which is somewhat surprising, because *regional-aid policy* has hardly proved a subject of inter-party controversy in the past. The Government has on the whole accepted the 1972 Industry Act and the Tories have taken on board previous Labour schemes. But the Conservatives *believe their changes will be* accepted by industry as necessary moves and as part of their strategy to bring down the overall rate of taxation through a reduction in public spending.

REGIONAL DEVELOPMENT GRANTS

CUMULATIVE TOTAL: FROM 1972 INDUSTRY ACT TO MARCH, 1977

	Plant and machinery			Building and works					Total
	Special development areas	Development areas	Total plant and machinery	Special development areas	Development areas	Intermediate areas	Derelict land clearance areas	Total *building* and works	plant and *machinery* building and works
Great Britain	328,767	453,876	782,643	83,481	83,702	104,919	5,878	277,980	1,060,623
North	113,593	185,070	298,663	28,061	29,250	—	—	57,311	355,974
Yorkshire and Humberside	—	1,446	1,446	—	874	54,678	—	55,552	56,998
East Midlands	—	—	—	—	—	3,432	3,875	7,307	7,307
South West	—	13,080	13,080	—	2,329	1,813	—	4,142	17,222
West Midlands	—	—	—	—	—	318	2,003	2,321	2,321
North West	55,513	51,126	106,639	11,628	6,123	35,370	—	53,121	159,760
England	169,106	250,722	419,828	39,689	38,576	95,611	5,878	179,754	599,582
Wales	42,161	83,020	125,181	8,002	16,016	8,645	—	32,663	157,844
Scotland	117,500	120,134	237,634	35,790	29,110	663	—	65,563	303,197

Source: Central Statistical Office, Regional Statistics, December 1977

Letters to the Editor

Monitoring public money

From the Comptroller and Auditor General

Sir,—The article "Whitehall v MPs in the fight over monitoring public money" by David Freud in your issue of today (June 5) makes only one incidental reference to my own substantial observations on the Expenditure *Committee's report on "The* Civil Service" last Session. In *those comments* I sought among other things to explain the wide scope of the value-for-money auditing in which the Exchequer and Audit Department was one of the earliest pioneers, and the issues involved in extending our responsibilities further in the general area of efficiency and *effectiveness* auditing. I pointed out that the Committee's impres*sion that E & AD devotes most of* its resources nowadays to financial audit is incorrect and that a large part of the Department's resources is devoted to value-for-money work.

May I suggest that before commenting further, David Freud should read a representative *sample—it need only be a fairly* small one—of the C. & AG's operational reports on the work of departments and other public bodies covering, say the last 25 years. I am sure that there are important issues for discussion about the future balance and scope of the Department's work; but I hope the discussion will be based on a sound understanding of what has been done so far.

(Sir) Douglas Henley.
Exchequer and Audit Department,
Audit House,
Victoria Embankment, EC4.

Workers on the Board

From Mr. R. Goodall

Sir,—I was interested in the letter you published (May 3) from Mr. Bryan Cassidy, the author of the Conservative Party pamphlet "Workers on the Board." With this pedigree I would have expected him to be rather better informed on the subject than would appear from his letter. He states that the weaknesses of the Government's proposals relate to the way in which employee directors will be appointed, stating that in his view they should be elected by all the work force and *not just* union members, and should be employed within the enterprise. I take no exception with these recommendations but cannot see how he finds the Government proposals so much at odds with his own views. The White Paper clearly states that employee representatives on the Board should be employees of the concern. On the question of method of election the White Paper admits to a "clear dilemma" with a considerable divergence of view on this issue and makes no recommendation. Indeed, the Government states that it believes further consideration and discussion will be needed on this issue before any decision is taken.

I also believe that his dismissal of experiments in industrial democracy in the public sector is ill-founded. He regards these as a "hollow sham" because in most cases the representatives are "union hacks." The most substantial experiment with worker directors in the public sector has taken place in British Steel and Mr. Cassidy will find that the problem encountered in British Steel has not been that the worker directors have been "union hacks" but that, on the contrary, *they* have been considered by the unions to be too independent.

If the Conservative Party is to develop a credible policy in the area of industrial participation, which indeed it must, I would suggest that the authors of that policy examine current proposals and experience more closely before dismissing them.

R. Goodall.
27a, Upham Park Road,
Chiswick, W4.

And who should choose them

From the General Secretary, Civil Service Union

Sir,—In your *report* on the response of my union to the Government's proposals on a post entry union membership agreement (June 2) a printer's slip causes me to be misquoted in a rather unfortunate way. In the report I am quoted as saying "The moment a trade union allowed an *employee to decide* when there should be a ballot on any issue the union would give up a crucial part of its freedom and independence" (my *underlining*). The article in my union journal on which this report is based made it clear that we were objecting strongly to the *employer* attempting to decide that there should be a ballot. Any employee who is a member of the union of course has a complete right to put forward a proposal that there should be a ballot.

I would be grateful if this letter could be published in order to put the record straight.

L. H. Moody.
14-21, Hatton Wall, E.C.1.

Charges for sewerage

From the Director of Finance, Thames Water.

Sir,—Mr. R. W. Thirkell in his letter to you (May 27) raised *the question as to whether a* statement in our leaflet on charges was not "a *disgraceful* example of deceit of the public."

The statement that "charges for services will no longer be included with your general rate demand and therefore you will pay correspondingly less money to *your local council*" is true. Mr. Thirkell has chosen to interpret this as meaning that the amount paid in the previous year (1977-78) to a local authority would be the amount actually charged in the current year. *I have no desire to* engage in a pedantic dissertation as to the meaning of "correspondingly" but I do not accept that this is what he described as an "untruthful public statement."

Water Authorities *are of* course subject to the Price Code and before any increases in *charges can* be made Price Commission approval is required.

The Price Commission have recently completed an investigation into Thames Water's *charges* and their report is due for publication shortly. I would only point out at *this stage* that the average increase in charges permitted by legislation while *the investigation* was in progress was 72 per cent. against the original *proposal* of an average of 9.5 per cent.

E. J. Gilliland.
New River Head,
Rosebery Avenue, E.C.1.

Cost of the water supply

From Mr. R. Hatton.

Sir,—Your correspondent, Mr. Wolsey (June 2), *raises* an important point when he says *that* "the *increase in the water* charge ... did not tie up with the council's statement that *less* would be payable now ..."

The "Dear Ratepayer" letter which I received from Mr. Nicholas Freeman, the Leader of the Council of the Royal Borough of Kensington and Chelsea *together with my rate* demand said: "I am happy to say that it is possible to make a very slight reduction ..." and "Happily, this year our burden is a lighter one ..." But the rate in the pound requirements were, and are as follows:

	1977/78	1978/79
Borough Council precepting authorities (excluding Thames Water Authority) requirements	45.70	49.30
Thames Water precept	3.80	—
Thames Water Auth.	—	5.70 plus £5 standing charges
	49.50	55.00

I sent my cheque payable to Mr. Freeman on the understanding that he accept it on the basis of the accuracy of his statements. But he's sent it back, saying the cheque should not be addressed to an individual member of the Council.

Thames Water sent me a pamphlet *saying their bill* covered, amongst other things, land drainage. When I pointed out that the Borough rate also claimed an amount under this heading, they replied, by letter, that the new charging and billing arrangements "do not apply to land drainage."

Does Mr. Wolsey, like me, suspect that in the corridors of *power they refer to us as* "suckers"?

Richard Hatton.
22, Scarsdale Villas, W.8.

Pension scheme pitfalls

From Mr. C. M. Jackson

Sir,—The point made in Eric Short's article "Pension Scheme Pitfalls" (May 31) concerning the adverse effects on pensions of changing jobs becomes much more serious if inflation is taken into account.

Using his example, but assuming (a) that the salary changes he shows are in real terms (b) that inflation is 5 per cent per annum for the next 20 years giving 165 per cent total inflation we get the *following picture:*

Salary at retirement
Company A is £18,000 × inflation factor 2.65

	per annum
final salary	=£47,760
pension 40/60	=£31,840
Company B	
final salary £21,000 × 2.65	=£55,650
pension 20/60	=£18,550
plus deferred pension from Company A 20/60 of £9,000...	= £3,000
Total	£21,550

Thus by changing jobs for a higher salary *one third* of the final pension is lost. If inflation is greater, more is lost.

C. M. Jackson.
Medlars,
Oak Hill Road,
Sevenoaks,
Kent.

Distribution of wealth

From Mr. Richard Elliot

Sir,—The *article in* to-day's Financial Times (June 1) by Anthony Harris ends with the extraordinary allegation that 14 years of socialism has done *nothing to* alter the distribution of wealth. Not even Lord Diamond's commission (not exactly a Tory preserve) has been able to substantiate this popular myth. In the past 10 years the proportion of private wealth held in *shares has fallen* by two-thirds, the differential of *incomes between the highest and* lowest paid, up to the top tax rate, has halved, the value of fixed interest securities has plunged, the real value of all assets save property have fallen hugely in the face of inflation.

Now private wealth is increasingly tied up in the inflated values of private freeholds, most bought purely for living in and producing no income. Mr. Harris would do well to consider why, notwithstanding the halving of the value of money, there are now less "rich" people, i.e., indi*viduals liable to assessment on a* future wealth tax starting at £100,000, than would have been liable in 1968-69.

It takes no economist's training to work out that if one's wealth is less than it was five years ago *(as is the experience of myself* and nearly all my family and friends) and if, in that time, the money in which wealth is measured has halved in value, and taxation on the income therefrom is largely unchanged, that the *rich are only half* as well off as they were only five *years ago.* Conversely, if those who have benefited from trades union monopoly power have doubled or trebled their incomes as a result, clearly there has been a huge, unjust and totally immoral "redistribution" of wealth.

Richard Elliot.
7, Vernon Avenue,
Handsworth Wood,
Birmingham.

Buying a house in Scotland

From Mr. George R. Cameron

Sir,—With regard to your recent corespondence on "Buying a House in Scotland." I can confirm the observations made by Iain Fraser (June 1).

Having lived in Scotland for 25 years, prior to moving south last year, and having had during that period, as an owner-occupier, to buy, and sell our individual property, in West Central Scotland (twice), in Aberdeen and subsequently, Glasgow, *I have been more than* a satisfied client/customer of the way in which my own appointed solicitors have handled the above transactions on each occasion.

Mr. Fraser rightly says: "There is a great deal of merit that once an *offer* has been accepted in writing there is then normally a binding contract," which *all* readers who have had similar experiences to ours, of buying and selling property in England, will recognise as a considerable *blessing to both buyer and* seller who are normally involved in a second simultaneous transaction.

The Scottish solicitors' property *centres, from personal* experience, are also a great boon particularly to business people, having time as a scarce resource. For the centres allow the individual to focus on a local property market quickly, and to obtain a fairly good estimation at minimum cost, of the breadth of the market available, its geographical preferences (of especial value to strangers to an area, *as we were when we first* moved to Aberdeen) and a representative spread of prices to suit almost any pocket.

No, I would rather have the Scottish solicitor's system of marketing property, in the efficient *manner in which they carry* out their task on behalf of both buyer and seller than the unreliable systems that prevail in the South.

George R. Cameron.
26 Dolphin Court,
Cliff Road,
Meads,
Eastbourne.

Today's Events

Mr. Morarji Desai, Indian Prime Minister, arrives in UK for three-*day visit—lunch with Foreign* Press Association, Savoy Hotel, followed by *talks at Downing* Street.

EEC Foreign Ministers meet, Luxembourg.

Workers in dispute at Bank of England's note-printing factory, Loughton, Essex, to decide whether to call off industrial action.

Post Office Engineering Union conference debates shorter week, *Winter Gardens, Blackpool.*

Mr. Robert McNamara, President of World Bank, in Tokyo for four-day talks.

Institute of Chartered Accountants in England and Wales annual meeting debates motion on *local* authority accountancy, Moorgate Place, EC2.

Mr. Eric Varley, Industry Secretary, opens new Vickers factory, Scotswood Road, Newcastle upon Tyne.

Association of Chief Police Officers and Local Authorities *conference* opens, Palace Hotel, Torquay.

Mr. Bruce Millan, Scottish Secretary, in discussions with Orkney island officials on proposed Government amendment to Scotland Bill.

Mr. Ernest Armstrong, Environment Under Secretary, opens anti-vandal exhibition aboard paddle steamer Tattershall Castle, Victoria Embankment, London.

PARLIAMENTARY BUSINESS

House of Commons: Nuclear Safeguards and Electricity (Finance) Bill, remaining stages. Employment (Continental Shelf) Bill, second reading. Theft Bill *(Lords), second reading.*

House of Lords: Films Bill, *report stage.* Wales Bill, *committee stage.* Internationally Protected Persons Bill.

OFFICIAL STATISTICS

UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-May). London clearing banks' monthly *statement (mid-May).* Hire purchase and other instalment credit *business (April). Housing starts* and completions (April). Retail sales (April—final).

COMPANY RESULTS

Charter Consolidated (full *year). Comet Radiovision Ser*vices (half-year). De La Rue (full year). London Securities Investment Trust (full year).

COMPANY MEETINGS

*Camrex, Seaburn Hotel, Sunder*land, 12. Everard, 75, Harborne Road, Birmingham, 12. Mettoy, Winchester House, EC, 12. Yorkshire Fine Woollen Spinners, George Hotel, Huddersfield, 11.30.

COMPANY NEWS + COMMENT

Second half fall leaves Metal Box at £56m

MAINLY REFLECTING a downturn in the U.K., second half profits of **Metal Box** fell from £34.3m to £30.55m leaving the figure for the full year ended March 31, 1978 down by 4 per cent to £55.78m.

In November the directors reported half-year profits ahead at £25.23m against £23.79m but said that they saw no immediate improvement and that the full year's result was not expected to match the figure for 1976/77.

Sir Alex Page, the chairman, says that the past year was a difficult one, not only because of the bad weather conditions for canned food and beverage cans, but also because of certain industrial unrest. These difficulties, he adds, resulted in lower profits for the period.

Prospects for the economy do not appear to favour any substantial increase in sales for the current year, but Sir Alex feels there are opportunities for increasing efficiency and profits, if the group can overcome the industrial relations problems. These problems cost the group several millions of pounds in lost profits last year.

There are signs that these problems are being overcome, but until incentives can be given for, "greater effort, skill and responsibility, which is difficult under the pay policy, problems are bound to arise."

Earnings per £1 share are stated at 64.9p (61p) and the dividend for the year is stepped up to 14.8662p (13.4247p), the maximum permitted, with a final of 8.2662p net. The directors intend to pay an additional dividend if ACT is reduced.

During the year, the group's shareholding in the metal container company, Metal Box Nigeria was reduced from 60 per cent to 40 per cent and this company is shown in the accounts as an associate. Excluding the turnover of this company, the increase in sales overseas was 12 per cent.

	1977-78 £000	1976-77 £000
Sales	807.459	708.173
Home	532.597	451.364
Overseas	274.862	256.809
Profit before tax	55.777	58.086
Home	34.341	37.732
Overseas	20.436	19.935
Associates	1.000	419
Tax	10.777	18.263
Net profit	45.000	39.923
Minorities	6.232	4.034
Extraord. debit	4.172	†4.292
Leaving	34.598	40.091
Preference div.	99	99
Interim ordinary	4.002	3.497
Final ordinary	4.927	4.446
Retained	25.566	32.049
Metal Box	24.421	22.215
Subsidiaries	494	9.511
Associates	653	323

† Credit.

Negotiations were completed with Continental Group for the termination of the group's agreement with them insofar as it related to continuing communication and the licensing of each party by the other of patents and trade secrets relating to the manufacture of cans, crown caps and machinery.

The continued use of currently licensed technology has been dealt with by each party granting to the other, subject to prior commitment, a world-wide licence on a non-exclusive basis.

This allows a separate course to be undertaken for the development and exploitation of can making and crown making technologies in a number of countries where previously Metal Box had no manufacturing facility.

The first major project has been the formation, jointly with Standun Inc. of Compton, Los Angeles, of a company to manufacture two-piece beverage cans at a factory to be built in the Los Angeles area for the supply of cans to Pepsi Cola Bottling Group for its Phoenix, Arizona and Torrance, California, filling plants.

The chairman says that the technology of can making is undergoing significant change and the group has made a substantial investment in two-piece manufacture, which has not yet earned any return.

The glass company in Nigeria is well established and is making good profits he adds.

As part of its diversification plans Metal Box is on the lookout for a possible major takeover deal. The next move is likely to be outside of heating and packaging, and the sort of figures that directors are talking in terms of, on a takeover, move range between £20m and £100m. "There are a lot of places under careful scrutiny," says Sir Alex. One area, in particular, that is attracting the group's attention is once again the U.S.

The principles of ED 19 have been applied in arriving at the UK tax charge for the year, which accordingly has been reduced significantly from £18.26m to £10.78m.

Deferred tax in the balance-sheet has been reduced by £40.9m and has been transferred to reserves.

Interest on borrowings and loan stocks amounted to £9.78m during the year. Expenditure on fixed assets at home and overseas was £44.6m, which included £4.2m arising on acquisitions.

On sales of £252.3m against £240.6m pre-tax profits of Metal Box Overseas rose from £19.64m to £20.92m for the year, subject to tax £6.58m (£8.68m), minorities share £6.21m (£3.99m), and an extraordinary debit of £4.71m (£4.01m credit). The attributable amount emerged at £3.41m compared with £10.98m and the dividend is increased from 15p to 16p.

See Lex

HIGHLIGHTS

As forecast at the half-way stage **Metal Box** failed to reach last year's pre-tax profits but the shortfall was less than the market had anticipated. Lex also takes a look at the implications on UK companies' results following the American IRS's change of policy on stock valuation. Also covered is the **Albright Wilson** rejection of the bid approach from Tenneco and the **Edinburgh** issue of £25m 5-year Variable rate stock. Elsewhere, **Martin the Newsagent** like NSS lost about £50,000 during the newspaper wholesalers' dispute while **William Reed** looks poised for real growth in the second half once the recent acquisitions make their mark.

Sir Alex. Page, chairman of Metal Box—labour problems resulted in the loss of several million pounds in profits during the year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo American Corpn.	25‡	July 28	25	45.25	33
Bond St. Fab. ......Int.	0.75	Sept. 25	0.75	—	2.6
Macanie	1.66	July 28	1.43	1.98	1.79
Martin the Newsagent Int.	2.84	July 4	2.19	—	6.6
Metal Box	8.27	July 21	7.48	14.87	13.42
Wm. Reed	2.77	—	2.77	4.42	4.02
View Forth	1.5	July 20	1.25	2.1	1.75

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout. For 15 months.

Supplies upset but Martin the Newsagent expands

DESPITE LOSSES arising directly from disruption in the newspaper industry taxable earnings moved ahead at Martin the Newsagent in the half-year to April 2, 1978, by £277,000 to £1,886,000 on sales, excluding VAT, up 18.8 per cent at £39m, against £32.84m last time.

The directors say that providing prices of major products, particularly newspapers and cigarettes, rise during the summer in line with general inflation and the newspaper industry is not too severely disrupted, they expect a satisfactory full-time profit. For 1976/77 the total was a record £2.92m.

The first-half results this time include the benefit from Easter trading, the larger part of which fell in the second-half last year. This gain, amounting to a profit of some £50,000, was wholly off-set by the loss arising from the disruption of newspaper supplies, the directors state.

With tax at £695,000, against £280,000 restated in line with ED19, earnings per 25p share were depressed by 6.4p at 18.6p. The net interim dividend is stepped up to 2.838p (2.189p). Last year's final was 4.411p.

Profit was struck after depreciation and amortisation of £294,000 (£246,000) and retained earnings amounted to £1.01m (£1.21m).

The number of branches operated by the group, which was 476 at half-time is likely to reach 496 by the October 1 year end. Ten of these will be on new sites and will comprise five conventional newsagents, four larger stores and a general store.

● comment

Comparisons between Martin the Newsagent and NSS show that both have been affected to the tune of around £50,000 by the disputes in Fleet Street and the newspaper wholesalers. This, and lower price inflation, has reduced Martin's first half profits rise to 17 per cent, while NSS's growth was around a fifth. On the tobacco side (39 per cent of turnover), lower cigarette consumption has meant a small drop in volume sales, but this has been offset by expansion in leisure products (toys, records etc) in the larger branches. Elsewhere, volume sales of confectionery show some improvement and now accounts for 15 per cent of group sales. Obviously the summer is going to be important for soft drinks and ice cream sales, and any cover price rises will benefit newspaper profits. With 20 additional newsagents this year, profits of around £3.5m (£2.9m) are possible. At 247p, the shares are on a prospective p/e of 7 taking a line through the interim tax charge or 9.2 (fully taxed), while the yield is 4.5 per cent, compared with NSS's 9.6 p/e (on a full tax charge) and 2.9 per cent yield.

Growth to continue at Glossop

Although trading conditions in the current year do not appear to be any better Mr. Digby Burnell, the chairman of W. and J. Glossop, says the company will not only be able to take advantage of any easing in the unsatisfactory trading climate but will also continue its course of profitable growth both within the company and by acquisition.

In the January 31, 1978, year when profit before tax advanced from £0.73m to £0.83m, Government funds for road maintenance and improvement were less than the previous year, resulting in sharp competition and tighter margins. Poor weather did little to help, he says.

However, the reorganisation of the company continued, and the newly acquired quarrying and bitumen heating and distribution operations made a signficant contribution.

At January 31 Anglo American Asphalt Company owned 26.95 per cent of shares and Sir Robert McAlpine and Sons 7.37 per cent. At May 15 Throgmorton Trust held 5.16 per cent of capital.

Meeting, Halifax, June 28 at 11.30 am.

Bond St. Fabrics ahead but warns on second half

TURNOVER OF Bond Street Fabrics fell from £4.59m to £4.39m but pre-tax profit for the half year to March 31, 1978, jumped from £151,000 to £248,000.

The directors state however, that the double jersey section of the company is going through a particularly difficult period and the forward order book is very poor. At this stage the directors say it is hard to see the full year's results as high as last time.

Profit for the full 1976-77 year was a record £441,231 after a £157,000 loss incurred by subsidiary John Currie Son and Co.

The directors state that the position at Currie has now improved, and it is no longer in receipt of the Temporary Employment Subsidy.

Available profit came out at £119,040 compared with £72,500 after tax took £128,960 against £78,500. The net interim dividend payment is maintained at 0.75p per 10p share costing £20,309—last year's final was 1.85p.

£75,000 downturn at Macanie

As forecast at halfway when a £38,000 profit against a £3,000 loss was reported, pre-tax profit at Macanie (London) fell from £275,000 to £200,000 in 1977.

Directors of the clothing manufacturer said in December that the level of trading looked for in the second half had not materialised. They now say that the early months of 1978 have seen a slightly firmer market enabling more profitable sales in the wholesaling sector.

Turnover for the year declined from £19.44m to £18.54m, reflecting the sale of loss making activities.

The result is before a tax credit of £13,000 (£66,000 charge) and minority interests of £9,000 (same).

Earnings per 10p share are shown at 2.49p against 2.45p, and the final dividend of 1.662p net lifts the total from 1.791p to 1.975p.

ISSUE NEWS AND COMMENT

Edinburgh £25m variable stock

The City of Edinburgh is raising £25m by the issue of variable rate stock with a life of five years.

The issue of 1983 stock priced at £100 per cent is payable in full on application. Interest which is calculated at ¾ of a point over the rate at which the Bank of Scotland is advised by the "reference banks."

Interest on the stock is payable half-yearly on June 9 and December 9. The first payment will be of £5.6559 gross per cent next December.

The stock will be redeemed on June 9, 1983, at par unless cancelled by purchase in the open market or by agreement with the holders.

The purpose of the issue is to use the proceeds to finan[ce] authorised capital expendit[ure] and to replace maturing debt.

The application list which ope[ns] on Thursday June 8 will close the same day.

Applications must be for minimum of £100 of stock or multiples thereof up to £1,0[00]. Applications for £1,000 to £5,[000] must be for multiples of £[...] of stock; above £5,000 and [not] exceeding £20,000 in multiples [of] £1,000 and above £20,000 multiples of £5,000.

Brokers to the issue are Nivison.

See Lex

Thames Plywood placing

THE PROSPECTUS is published today in connection with the placing of ½m shares in Thames Plywood Manufacturers and requotation for the company following the suspension last November.

The placing will drop the stake in the company owned by C. P. Choularton from 85 per cent to 65 per cent. The shares offered to the public are being greeted with the enthusiasm of a new issue and there is already quite an amount of interest in the 150,000 shares which will be placed in the market.

The placing has been made to satisfy the requirement of a requotation.

Thames Plywood's history dates back to the end of the Second World War when its main activities were orientated towards the construction of composite panels for use in commercial vehicles and containers.

The placing with institutions and individuals is of 500,000 shares of 25p each at a price of 34p per share. This drops the stake held by Mr. Choularton to 65 per cent, though M and G remains a substantial investor with around 10 per cent.

The company has two main operating divisions. First the plywood operation is involved in the manufacture of high quality plywood products.

The other division, known as the Thamesply Products subsidiary, sells specialist products to the building industry both at home and overseas.

The profits record is erratic, and in the latest year to April, 1977, profits are shown at £232,000 pre-tax. The half-year figures to end-October were profits of £71,000 compared with £74,000.

An interim dividend of 0.75p per share was paid to existing shareholders and in the absence of unforeseen circumstances a final of 1.25p will be proposed making a total of 2p per share compared with 1.815p last year.

Brokers are Halliday Simpson.

● comment

The requotation for Thames Plywood gives an opportunity to develop the local following which has built up around the new chairman Mr. Choularton. Though the placing is of only ½m shares in a fairly small company, the market is confident that this will be another stagging issue. That should ensure a certain amount of euphoria when dealings start, but the profits in this year are not expected to show anything startling. Pre-tax profits of £250,000 to £275,000 are being su[g]gested in the market agai[nst] £232,000 last year. On that ba[sis] the placing p/e is perhaps [...] and the yield is just under 9 [per] cent. That might encourage [a] small premium over the placi[ng] price but there is unlikely to [be] anything like the excitem[ent] generated by other recent [...] issues.

Bramall off to brisk start

Dealings in C. D. Bramall [got] off to a brisk start yesterday. [The] shares in the Ford main dea[ler] were placed at 75p each and [as] expected dealings opened up w[ith] a premium of 15p at 75p. Duri[ng] the day shares changed hands [in] a relatively thin band, with [the] market recording a top of [...] and low of 89p.

Nevertheless Bramall was [the] second most active stock on [the] Exchange yesterday with just [...] marks and dealers last nig[ht] where expecting some ca[rry] through to today.

Meantime dealings started [in] Alcan Aluminium (UK). T[he] shares opened at 162p and aft[er] touching 163p closed the day [at] 161p.

OXLEY PRINTING

Oxley Printing Group announ[ces] that it has received comple[ted] conversion notices from [...] holders of £360,679 of the co[m]pany's 14 per cent convertib[le] debenture stock 1983. The issu[ed] ordinary capital will thereby [be] increased from £1,391,000 [to] £1,751,679.

ROCKWARE

To take advantage of the [in]creasing international trade [in] glass containers Rockware Gro[up] has formed a new subsidiary Interver International. The ma[in] role of the new company will [be] to develop export sales on beha[lf] of Rockware Glass in Europea[n] markets.

Wm Reed tops £1m: change of trading emphasis planned

ANNOUNCING a 37.5 per cent increase in sales to £12.8m for the year to March 25, Mr. Graham Ferguson Lacey, chairman of the William Reed Group, said yesterday that his intention as to "create a broadly based non-fashion textile business." Over the past year management changes had been introduced with the plan of diverting emphasis away from the traditional men's clothing business, towards end product-users particularly in household textiles.

In the meantime, the traditional business continued to supply the bulk of the profits which, for the year under review rose from £821,000 to £1.09m pre-tax.

Of the four acquisitions made in the past 12 months only Rivington Carpets (bought from the collapsed Bond Worth group) contributed anything towards group profits—and that was only marginal. Nor were the results boosted by the two earlier acquisitions, William Uttley and Robert Farnworth. According to Mr. John Blackburn, the new chief executive, neither of these two companies is yet trading satisfactorily, though the turnround is progressing well. Uttley accounted for losses of £200,000 for the year.

The pre-tax profits do, however, include £130,000 attributable to the surplus on the sale of the investment in the Lincroft Kilgour group in October.

Depreciation charges of £338,000 (£274,000) are based on a change in the basis of depreciation from 20 per cent to 10 per cent per annum in a straight line. If the previous year's figures had been adjusted to the same level they would have fallen to £169,000.

Taxation charges of £126,000 (£106,000 re-stated) have also been adjusted to eliminate deferred tax. Mr. Lacey also confirmed that there remained accumulated tax losses of some £1½m in the group particularly relating to Barwick Carpets.

Below the line extraordinary items of £262,000 (£62,000) included some £53,000 paid to directors for loss of office. The balance was attributable to the reorganisation costs of Uttley and Farnworth, which have now largely been provided for.

Earnings per share are shown at 18.11p compared with 19.22p as a result of the dilution of equity as a result of recent acquisitions. The final dividend is 2.772p which together with the interim of 1.65p amounts to a 10 per cent increase.

Mr. Lacey said that if dividend restraint is lifted he would consider an increase in the dividend to the point where earnings would be covered twice.

• comment

In a period in which William Reed has made four substantial acquisitions—the key question is about the state of the balance sheet, due out at the beginning of July. The new management is all confidence and it is certainly to its credit that the profit upturn in the year under review has come from the traditional business, the new acquisitions having come in too late or not made a contribution before the year end. It does begin to look as if the second half of the current year and into next will show real profits growth, once the acquisitions have been made to work. If that is the case the current p/e of just under five (on a share price of 89p and a low tax charge) could look attractive, especially with the promise of a dividend increase to life the current yield of 7.8 per cent. Still, the main areas of business, tufted carpets and textiles, are by no means buoyant despite the company's claim that it is trading well against the tide and has the right products (plain textured carpets and fabric velvets) to meet demand.

Laird talks money with Government

AFTER MORE than a year's delay negotiations have begun between Laird Group and the Government concerning compensation for the nationalisation of its subsidiary, Scottish Aviation, but there are to be further delays in respect of the group's 50 per cent interest in Cammell Laird Shipbuilders.

Announcing this at the annual meeting Sir Ian Morrow, the chairman, said that since the start of 1978, demand for steel has shown some small improvement, but there has been no respite in shiprepairing. Further losses were incurred in the initial months of the current year, and over two months ago Western Shiprepairers was placed on a care and maintenance basis.

Outside these two areas, as in 1977, fresh opportunities have become available and additional manufacturing capacity is being installed. The improvement in demand is already reflected in group profits, which in the first four months of this year are running at a better level than in 1977.

The group's future lies in its ability to compete internationally and its strong financial position, enhanced ultimately by the compensation, will provide the powerful financial backing necessary to deal with these pressures, Sir Ian added.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Archimedes Investment Tst., Comet Radiovision, Elson and Robbins.

Finals—Atkins Brothers (Hosiery), Carless Capel and Leonard, Charter Consolidated, De La Rue, James Finlay, J. and W. Henderson, Jermyn Investment, Land Securities Investment Trust, Parkland Textile, Rowton Hotels, Scotcros, Standard Fireworks, Sumrie Clothes, Wedgwood.

FUTURE DATES

Interims—	
Camford Engineering	June 8
Fenner (J. H.)	June 19
Scottish American Investment	June 21
United States and General Trust	June 14
Ward (Thomas W.)	June 9
Finals—	
Beechwood Construction	June 22
British Cinematograph Theatres	June 14
British Steam Specialties	June 22
Dominion and General Trust	June 15
Electric and General Investment	June 30
Electronic Rentals	June 8
Farm Feed	June 9
Johnson Matthey	June 13
Lloyd (F. H.)	June 21
'The Times' Veneer	June 7
Tricius	June 8
Warwick Engineering Investment	June 12

Fleming Trust valued at £87m

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE £9.5m purchase of Tate and Lyle's 75 per cent interest in the 102,200 square foot Sugar Quay office block in Lower Thames Street, EC3, takes the Fleming Property Unit Trust's net value to £86.8m, that is £36.6m above its arch, 1977, valuation and sup- rts a 6.77 per cent gross unit stribution for 1977-78.

Sugar Quay, which the fund ught to show an initial net yield just over 6.5 per cent, is the gest of 13 new properties quired in the year. And despite ries about the shortage of me property investments eming's chairman, Mr. David earson, reports a constant ream of propositions crossing is desk. No less than 150 of hese were investigated, and 45 ent as far as the negotiations ge.

A strong reversionary element earlier fund purchases provided e impetus behind a rise in the it price from £1,141 to £1,307 ing the year. And a £2m addi- nal revaluation since the March ar end, plus a £5.6m post year- d subscription for units, justi- es a June 25th issue, the 34th, £1,325.

The Fund, which is open to mpt pension funds and chari- anticipates a 6.3 per cent net d in the current year. That mate backed by a further 40 rsions due to fall during the 12 months on a portfolio now between 46.7 per cent offices, per cent industrial, 14.9 per shop properties and 5.1 per agricultural.

W. L. PAWSON

The financial year end of W. L. Pawson, the Halifax women's clothing group, is to be changed from December 19 to February 28.

Modest growth for Premier Milling

Mr. Joe Bloom, the chairman of Premier Milling, the 51 per cent-owned subsidiary of Associated British Foods, predicts modest growth in the current year and implies in his annual report that on any improvement in the South African economy a more rapid rate of progress will be achieved.

Outlining plans for capital spending of up to R16m, he says that this amount can be financed internally despite the need for additional working capital flowing from higher prices and increased costs.

The trading surplus improved from R50.8m to R55m last year and cash flow went ahead from R21m to R24m, and total assets now exceed R310m.

Last year's pressure on profits came mainly from excess capacity in various of the industries in which Premier is involved, including animal feeds, poultry, egg and margarine.

Latest indications are that more stable conditions are returning in these sectors, "which if maintained will have a positive effect on the profitability of the group," Mr. Bloom says.

Offsetting this development, however, is the prospect of reduced profits from the export of maize. Also the group cannot expect indefinitely to raise profits in recessionary conditions. Mr. Bloom says that the food industry is less insulated than generally supposed and "is certainly not immune to the effects of high unemployment and resistance to higher prices."

The company claims that the recent acquisition of substantial retail interests through the takeover of the Wilbefort group which has 14 retail outlets, makes it difficult to take stock during the middle of the Christmas season.

The current accounting period will end on February 28 and interim figures will cover the period from December 20, 1977, to August 31, 1978.

Some 54 per cent of Pawson was recently acquired by Quillcrown, a private company which made an offer for Pawson in August.

City of Westminster Assurance

A highly successful year in 1977 is reported for City of Westminster Assurance, a member of the U.S.-based Sentry Insurance Group, by Mr. L. J. Weinberger, the chairman. A substantial growth of new business is reported well in excess of the industry average, with new regular premium business up by 36 per cent to £847,000 and single premium business 42 per cent higher at £2.3m.

The accounts show that premium income more than doubled on the year to £6.9m and investment income rose by over 50 per cent to £2.5m, while there was a realised profit on investments of nearly £1m. Claims and expenses rose by 28 per cent to £3.9m. Taking into account a £2.9m increase in value of investments and a £100,000 transfer to profit and loss, the fund at the end of 1977 stood at £28.6m compared with £19.3m at the beginning.

On the profit and loss account, investment income after tax amounted to £37,000 and together with the transfer from the life fund of £100,000 the loss carried forward was wiped out and the account stands in profit of nearly £100,000.

Mr. Weinberger reports a successful year for the performance of the unit-linked funds managed by the company. In particular, the Farmland Fund stood out as the best performning property bond fund in the UK. During the year, the company entered the occupational pensions market with the launch in October of the directors and executives pension scheme which has been well received.

View Forth

After tax of £49,926 against £38,015, profit of View Forth Investment Trust advanced from £66,500 to £88,475 for the year to March 31, 1978.

Stated earnings per 25p shares were 2.769p (2.206p) and the net total dividend is lifted to 2.1p (1.75p), with a final of 1.5p.

Pritchard sees growth

RESULTS AT Pritchard Services Group are currently showing progress compared with the previous ar and barring unforeseeable cumstances, Mr. P. R. Pritchard, chairman, expects an increase profits for the year.

the January 1, 1978, year tax profit was £2.18m, and the rman says in his annual view that it was a year of onsolidation. Profit growth was largely organic with the exception of minor acquisitions in Germany and Peurto Rico.

He says the main ambition for e future remains geared to tablishing a strong presence in U.S.

he building cleaning services rations increased profits 13.05 cent in 1977, providing a shion for other businesses which e developing for the future. The results included the health care service operations. Mr. Pritchard ays it is incomprehensible that ost effective service such as is vided by the group is denied greater opportunity, while in U.S. similar organisations oy a high rate of growth.

On the stone cleaning and storation side 1977 profits nowed considerable improvement at there is still a requirement to achieve more adequate margins.

It is also imperative satisfactory margins be earned on the linen rental and dust control services activities to allow for replacement f plant, machinery and stocks and to provide for future growth.

Security service operations last year failed to attain overall profitability, although in the last few months a surplus was earned. Profits are currently in line with budget, and Mr. Pritchard sees this side contributing substantially to group results in the future.

Now the initial establishment costs of the timber preservation subsidiary have been covered he is confident steady profitable growth will be achieved.

In France, better results are expected this year now the teething problems on its cleaning contract at Charles de Gualle airport have been overcome.

There is considerable potential in the maintenance market in Germany, while in Portugal considerable effort will be required to keep operations profitable.

The group's 40 per cent share in the £140m Riyadh, Saudi Arabia, city cleansing contract should make a significant impact on future group profitability, Mr. Pritchard says.

Several large contracts are currently under negotiation in the Middle East, and directors see opportunities for expansion in a number of areas.

Elsewhere, the outlook is promising for the group's Canadian and South African operations.

The London Trust Company owns 5.7 per cent of shares.

Meeting, London Wall, June 23 at noon.

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BIDS AND DEALS

Spooner likely to reject Redman Heenan offer

Spooner Industries, the Yorkshire-based plastics and textiles machinery company, is likely to reject the £2.8m cash bid announced by Redman Heenan yesterday.

The Spooner Board will meet today to officially decide its reaction but the indications last night were that it will find the 65p per share offer inadequate.

Redman Heenan wants to buy Spooner because its products are complementary and it has overseas offices in six countries from which Redman Heenan's products could also be distributed.

Redman first approached the Spooner Board six to nine months ago and received a cool response. It kept an eye on Spooner nonetheless and gradually picked up 2 per cent of the shares. Then last Friday, Redman bought enough shares to bring it up to 11.4 per cent from an ex-chairman and the wife of the founder.

It appears that the current Board, which claims to have 30 per cent of the company in its own or friendly hands, does not share the same views as some of its previous members. Spooner closed at 72p per share yesterday, up 19p on the day and 7p above the offer price.

PRIMROSE DROPS ALOE BID

Primrose Industries Holdings has decided not to proceed with the acquisition of **Aloe Minerals** (*Proprietary*).

Early in May it was announced that agreement had been reached *in principle for the purchase of* Aloe subject to certain conditions precedent.

The directors of Primrose now say that within the time allowed by the vendors it has not been able to satisfy itself in full regarding these conditions precedent.

PORK FARMS

Pork Farms is proposing to make a scrip issue of 15 new shares for each ordinary share held, the formal document, in respect of the agreed offer by Northern Foods, states. The issue will not affect the value of the offer. As known, the terms are—for every 16 ordinary in Pork Farms (equivalent to one ordinary prior to scrip issue)—four ordinary of Northern plus 315p cash, or 675p in cash.

BANK SELLS VALOR DIRECTORS SHARES

Valor announces that Mr. C. E. Bentley-Stevens has disposed of his interest in 39,682 Ordinary shares at 36½p per share.

These shares have for some years past been charged to bankers as security for monies advanced and were sold by the bank on May 26 as a result of the need to repay such borrowings; a further 25,335 shares in which Mr. M. J. Montague was interested were also deposited with the bank under the same charge and on the same day were disposed of by the bank with the above-mentioned shares at 36½p per share.

Mr. Montague has also ceased to have a disclosable interest in a further 18,750 shares. His beneficial shareholding remains at 40,057 shares.

ASSOCIATED ENG.

Associated Engineering has completed the acquisition of **Tempered Group**, an unlisted public company situated in Sheffield which carries on the *business of precision spring and* tool manufacture.

Total consideration is £5,434,000 which has been satisfied as to £4,090,000 in cash and as to the balance by 1.2m ordinary shares.

Consolidated sales and pre-tax profits of TG for the year ended on April 1, 1978 were £13.2m and £1.4m respectively and the net assets of TG on that date were £5.4m.

SHARE STAKES

Hewden Stuart Plant—Mr. M. E. Newby, director, has sold 30,000 shares; Mr. M. D. Goodwin, director, 12,500; and Mr. F. Jamieson, director, 12,500. All at 62½p. In share stakes on June 1 this transaction was incorrectly attributed to the Crosby House Group.

Wearwell—London Trust, as a result of further purchases, has increased its holding to 900,000 shares (7.4 per cent).

Padang Senang Rubber—Wan Hin Investments Sdn Berhad, holds 84,500 shares. Dato' Lee Loy Seng, a director of Wan Hin, holds 105,000 shares.

Mooloya Investments—Mr. M. S. Gampell holds 25,250 shares.

Bunzl Pulp and Paper—Mr. G. G. Bunzl and Dr. F. A. G. Schoenberg, directors, have disposed of a non-beneficial interest of 50,000 shares from a joint holding.

Averys—Kuwait Investment Office sold on May 24 25,000 shares leaving interest at 2,975,000 shares (8.06 per cent).

British Petroleum Company—Phoenix Assurance Company is beneficial holder of £55,000 8 per cent cumulative first preference stock (7.67 per cent).

Town and City Properties: Interest in T and C 7 per cent convertible cumulative preference shares are: Barclays Bank 15,083,338 shares; Prudential Assurance 11,086,380 shares.

A. Monk and Co.: On May 17, Saint Piran purchased 100,000 ordinary and on May 22 purchased a further 25,000 ordinary shares. Total interest now 3,045,000 shares.

West Bromwich Spring Company: Mr. F. A. Smith has sold his beneficial interest (40,912 shares) in the 11.5 per cent cumulative preference capital.

Leisure Caravan Parks: Mr. P. W. Harris has sold 10,000 shares, and Mr. D. C. R. Allen sold 10,000 shares.

Wellman Engineering Corporation: Menteith Investment Trust and its subsidiary now have a total interest of 635,000 ordinary shares (5.6 per cent).

Haden Carrier: London and Manchester Assurance Company on May 24 purchased 1,700 5 per cent (formerly 8 per cent) preference shares (6.2 per cent of the class).

Jantar: Mr. E. S. Nassar has sold 25,000 stock units, reducing his total interest to 562,500 units or 28.7 per cent of the capital.

Federated Land and Building Company: Mr. N. J. Macaulay on May 25 sold 125,000 shares.

Thomas Borthwick and Sons: Sir John T. Borthwick on May 31 sold 30,000 ordinary shares.

CORNERCROFT

Armstrong Equipment bought on June 2 2,000 Cornercroft shares at 65p—in addition to 10,000 also bought on that day and already announced—making holding 985,160 shares (39.41 per cent).

£5m U.S. buy for Ibstock Johnsen

Ibstock Johnsen, the Leicestershire brick maker which has been expanding into Holland Belgium in the past year, yesterday announced its first U.S. acquisition.

It has paid £5m ($9m) for Marion Brick, the brick making subsidiary of Medusa Corporation of Ohio.

Marion's output from its seven facing brick factories last year was 195m bricks and deliveries were 212m. Total capacity is said to be 240m. This compares with a total UK production of 247m and deliveries of 229m for the same period and Dutch production of 154m from six factories.

The statement from Ibstock Johnsen yesterday said that *Marion produced pre-tax profits* of $2m (£1.1m) last year and had net assets of $5.9m (£3.27m). Brick deliveries last year were valued at £8.9m. Ibstock's own profits last year were a record £4.33m on a turnover of £35.7m.

KEY MEETING ON BTR BID FOR WORCESTER

A key meeting concerning the possible $45m (£25m) take-over bid by BTR, the British engineering and transport group, for **Worcester Controls Corporation**, the U.S. group which owns the UK valve maker, Worcester Controls, was being held late yesterday in Boston.

It emerged late on Sunday that BTR, which already has a substantial U.S. business that accounted last year for £51m of its £241m sales, had made an approach to Worcester Controls in the U.S. about a projected offer of £30 a share, compared with Friday's price of $19. This was conditional on acceptances from holders of 30 per cent of the equity.

It was expected that vital decisions on the bid would be made at yesterday evening's meeting in Boston of the Worcester Controls Corporation Board, which includes large shareholders such as the president, Mr. Robert McCray.

Mr. Eric Norris who, with his brothers Kenneth and Lewis, runs the British Worcester company *and owns 13 per cent of the U.S.* group's schares, said on Sunday evening that, in the opinion of the British management, sufficient time had not been allowed for the projected offer to be appraised or alternatives considered. He believed other companies, not necessarily American, would be prepared to pay a higher price.

Mr. Kenneth Norris and Mr. Lewis Norris who, like their brother Eri, are vice-presidents of the U.S. group, are now in Boston for the crucial meeting.

In Britain yesterday, Mr. Eric Norris, finance director of Worcester Controls of the UF—which in 1977 accounted with its demestic and European sales for $27m, of the group's $51m turnover, said: "There has been interest expressed by several substantial companies in this country. I've had discussions this morning with chief executives of several British companies. If there is time, they are very interested in discussing the matter further."

It also appears that there is a *possibility of other interest in* the U.S. in Worcester Controls Corporation.

BTR, whose shares closed 2p down at 258p last night, made £4.7m of its 1977 £29m of pre-tax profit in America, where its chief interests are in materials handling.

Among the new investment projects it launched in 1977 was a *roll plant* in New Hampshire, the state where Worcester Controls Corporation is based.

BTR, whose chairman is Sir David Nicholson and whose managing director is Mr. Owen Green, has shown rapid growth, with sales up from £38m in 1970 to £241m in 1977. It has lately been active on the take-over front, and has acquired both Allied Polymer Group and André Silentbloc within the last year or so.

GERMAN PURCHASE FROM MOORE

Contracts have been exchanged whereby, conditional upon the obtaining of any necessary Governmental consents, **Gunther Wagner Pelikan-Werke** of Hanover, will acquire the capital of **Caribonum** from **Moore Business Forms** with effect from January 1, 1978.

AARONSON BROS.

Aaronson Bros. has completed the acquisition of **Brine Veneer Mills**. The aggregate purchase consideration of £550,000 was satisfied by the payment of £186,607 in *cash and the issue of 567,801* ordinary shares in Aaronson.

The principal activity of Brine is manufacture of natural wood veneers, the market for which is showing increasing demand. Pre-tax profit of Brine for the year to September 30, 1977, was £79,292. Net tangible assets at that date were £383,854.

MINING NEWS

Anglo maintains final at 25 cents

BY PAUL CHEESERIGHT

ANGLO AMERICAN CORPORATION, the biggest of the South African mining finance houses, is maintaining its final dividend at 25 cents (15.8p). This brings total payments for the 15 months to March to 45.25 cents, against 33 cents in the 12 months to December, 1976.

The final was preceded by two interims, while in 1976 there was one interim and one final.

The dividend declaration, announced yesterday, was accompanied by provisional results which showed that net profits in the 15 months to March were R241.7m (£152.9m). In 1976 earnings were R89.2m.

The group has been changing its financial year-end from December to March, thus making comparisons between one year and the next invalid. At the same time there are other factors, which distort the 1977-78 figures, when set against those of 1976.

In the first place, the most recent period incorporates for the first time the results of Rand Selection, which became a subsidiary in the spring of 1977.

Rand Selection is an investment holding company and the addition of its interests to those of the parent gave a March 1978 market value of R718.7m for listed investments, compared with R411m at the end of 1976, before the merger. Investments as a whole for the group at the end of March were worth R1.4bn against R525.68m 15 months before.

In the second place, Anglo receives a particularly heavy flow of investment revenue in the March quarter. There have thus been two quarters of exceptional revenue in the figures for the 15 months to March.

A breakdown of the results shows that investment income for the 15 months was R213.17m, or more than double the R87.1m received in 1976.

Despite the distortions, however, Anglo has been doing well in the areas where it is strongest. Gold and uranium account for over a third of its investment income, while diamonds account for a further 13 per cent.

In both sectors the m... have been appreciably stron... the most recent 15 months... they were in 1976.

On the other hand, An... having to make provisions a... base metals investments... extraordinary item of R... covers provision against... Tenke-Fungurume copper ve... in Zaire and the conti... troubles of the Selebi-... nickel-copper operations... Botswana RST.

The investment in T... Fungurume has now been w... off by the provision of an... tional R1.3m, following a pro... of R9m which was reported ... time of the interim figures... 1976 there was a provisio... R20m.

The provision made a... Botswana RST is R23.1m. ... company, in which Anglo i... of the two major shareho... recently announced a financi... structuring.

Anglo shares in London y... day lost 2p to 296p.

Tara in trouble over loans

TARA EXPLORATION, just a year after its Navan zinc-lead mine came on stream in Ireland, has been forced to negotiate with its bankers *on a rescheduling of debt* repayments.

A statement from Toronto yesterday said that negotiations have started with the **Toronto Dominion Bank**. The first repayment of principal is due on July 20.

Last August Tara drew down $112m (£61.4m) from a Toronto Dominion loan consortium. Start-up costs escalated above the original budget, but financial difficulties since then have been compounded by the sluggishness of the metal markets.

At the beginning of June 1977, the London Metal Exchange cash zinc price was £325 a tonne, but since then has been as low as £235.25. Latterley there has been some recovery and the closing *price yesterday was £335.25.*

Cash lead at the beginning of June last year was £348.5 a tonne. It fell to £280 last February, but like zinc has recently been steadier, with yesterday's price at £322.5.

The Irish Government holds 25 per cent of the Navan mine, the largest zinc-lead operation in Europe, but last month an *assessment published in the* annual report of the Central Bank predicted that the state would have to wait until the mid-1980s before it received a significant flow of revenue.

Private shareholders in Tara include Noranda, Cominco and Northgate from Canada, and Charter Consolidated, the London arm of the Anglo American *Corporation of South Africa.*

Tara shares have recently been showing a firmer tendency in line with other issues associated with Northgate. Yesterday they were £11¼.

Amax builds up tungsten stake

AMAX, the diversified U.S. group, wants to build up its 47 per cent stake in the profitable Canada Tungsten company to 62.5 per cent. It is considering making a block offer for 800,000 shares at a price of C$19 (933p) a share.

The offer, which is subject to various *official approvals*, will be executed by Burns Fry, the investment house, on the floor of the Toronto Stock Exchange. The *price compares* with a trading price of C$13.25 before the Amax plans were made known.

Should more than 800,000 shares be tendered, the shares will be taken up by Amax on a pro rata *basis, following the regulations of* the Stock Exchange.

Last year Canada Tungsten, the only *tungsten* producer in the country, had a net income of a record C$16.1m. In the quarter to March, the profit was C$4.7m (£2.3m).

The company is doubling its mill capacity to 1,000 tons a day, but will be dealing with a lower ore grade. The operation is in the Flat River area of the North West Territories.

Central Africa diamond quest

AN EXCLUSIVE diamond mining concession in the Central African Empire has been granted to Israeli reserve General Samual Gonen, **reports L. Daniel from Tel Aviv.**

General Gonen has put together a company of Israeli, Iranian and Swiss investors who are reportedly prepared to put $11m (£6m) into the venture.

The mining camp will be established, under General Gonen's supervision, some 600 km from the capital, Bangui.

The concession, which extends over 30,000 sq km, is remote with access only by aircraft or dirt track. However, the first stage of the venture will involve the employment of about 100 people, including French and South African mining engineers and Israeli maintenance personnel.

Any rough diamonds found will be sold mainly to the Israeli cutting industry, and 30 per cent of the profits will be paid to the state as a fee for the concession.

Diamond production in the Central African Empire has been sagging in recent years. In 1975 it was 338,000 carats, down by 2 per cent from 1974, while in 1976, the last year for which figures are available, it was 286,000 carats. But there has been little change in value, because about 60 per cent of the output ... gem quality and the marke... been very firm.

This makes the country a ... producer by world standards... an output less than a quart... that in Namibia (South ... Africa). Most of the mini... from alluvial deposits and... leading company was 'S... Centrafricaine d'Exploitation... mantifere, in which Comin... Canada has a 60 per cent st...

Selco worried about prices

SELCO MINING, the Sele... Trust Canadian unit, is glo... about the financial prospects... year for its South Bay zinc-cop... silver mine in north west Ont... writes John Soganich f... Toronto.

"*Because we continue to rec... low prices for our concentra... and because, in common w... many other producers, we h... had to cut back our product... rate at South Bay, it is unlik... that our operations will give... a positive cash flow during 19... the management stated.*

In the nine months to ... December, Selco had an operat... profit of *C$1.7m*, but finished w... a net loss of C$1.8m (£884.5... after taxation and depreciatio...

The company received ... interest-free loan of C$4.5m fr... the London parent to cover ca... tal and non-operating expendit... of C$4.8m. Out of this, s... C$2.7m was spent on the Det... copper-zinc-gold joint venture ... north west Quebec. T... mineralised zones are be... tested for possible production.

Selco said that South B... where mining has taken pl... since 1971, proven and proba... reserves at the end of 1977 w... 506,332 tons with average gra... of 10.84 per cent zinc, 1.56 ... cent copper and 2.26 ozs per ... of silver.

MINING BRIEFS

GOLD AND BASE—Output of con... trates (75 per cent grade) for April: 27 tonnes, columbite 1 tonne. Four mo... ended April 30: tin, 108 tonnes, colum... 1 tonne. Four months ended April 1977, tin, 108 tonnes, columbite 2 ton...

PAHANG CONSOLIDATED—Output lode tin concentrates for May 142 to... (April 132 tonnes).

OIL AND GAS NEWS

Reserve and Union in $60m exploration venture

Reserve Oil and Gas and **Union Gas** have signed a $60m, three-year joint venture agreement to explore for oil and gas in western Canada.

The primary exploration areas are in north-eastern British Columbia, the Alberta foothills and western Alberta basin and in the heavy crude *oil* areas of Alberta and Saskatchewan.

In addition to the exploration commitments the two companies will finance development of the reserves discovered.

Total expenditures for both exploration and development could exceed $80m., according to Reserve.

* * *

Mesa Petroleum of Amarillo, as operator with a 25 per cent interest, has announced the awarding of various contracts for the development of the Beatrice field located off the north-east coast of Scotland in the U.K. sector of the North Sea.

A revised development plan for the field was submitted to the Department of Energy on May 15 and approval is expected shortly.

Contracts amounting to £26m. have been awarded for the purchase of steel plate, fabrication of jackets and *pilings* and project management and engineering design.

Through UK subsidiaries, ownership in this block is as follows: Mesa (25 per cent), Kerr McGee (25 per cent), Hunt Oil (20 per cent) and Creslenn (UK) (15 per cent). P and O Petroleum also holds a 15 per cent interest.

* * *

Natomas has announced the completion of the Gita No. 6 well in its 53 per cent owned south-east Sumatra contract ... offshore Indonesia.

The well, located about ei... *miles from the currently p... ducing Cinta field* was tested... combined rates of about 1,... barrels of oil per day from ... *zones in the Talang Akar for... tion.* The well also produced ... a rate of 2,250 barrels per ... *from the formation Batu Raja.*

Gita No. 6 was drilled to a to... depth of 6,280 feet. A seco... well, *Gita No. 8*, is currently be... drilled about 2,300 feet from ... bottom-hole location of G... No. 6 for further revaluation ... the prospect's potential.

A Natomas subsidiary is ... operator for a group of compan... which holds the product... sharing contract in the south-e... Sumatra area with Pertamina, ... Indonesian State-owned petrole... company.

Progress indicated at Selincour

MR. LIONEL L. LEIGHTON, the chairman of **Selincourt** says it is too early to forecast for the current year, but adds in his annual statement, that *at this* time further progress is clearly indicated.

As reported on May 11 pre-tax profits for the year to January 31, 1978 were up by 33 per cent, from £3.18m to £4.23m and the dividend is increased to 1.221p (0.96p) per share. On a CCA basis profit is adjusted to £3.34m (£2.09m) after depreciation £0.43m (£0.46m), cost of sales £0.98m (£1.79m) less gearing adjustment £0.52m (£1.16m).

Looking further ahead the chairman says that the growth potential arising from the expansion plans in hand, promises well for the group.

In April the group entered into arrangements with the French couture house of Pierre Balmain *to manufacture in France and to* market in the UK, the U.S. and other selected overseas markets a new range of products under the *Balmain label.*

The Scottish knitwear company, MacDougall, moved from a loss *to a substantial profit and Filigree* Textiles is now the market leader in curtain nets.

The group will be shortly commencing work on a large extension to the existing modern plant at South Normanton, Derbyshire.

E. and A. Richards' results were disappointing, Mr. Leighton says, but during the year steps were taken to strengthen the management and to *install* four new Jacquard Raschel knitting machines in its factory at Bobbers Mill, Nottingham. Currently this is on target for a much improved performance, he adds.

J. H. Walker, pile fabrics maker, had another excellent year, and additional premises were acquired in Rawdon, Leeds, with a floor area of 76,000 sq ft.

The *merchant converting* subsidiary Walker and Rice, had a record year and was particularly successful in the exp... field, the chairman adds. Si... the *year-end* it is taking its ... share of a boom period.

The UK garment compan... generally performed well.

Meeting, Albany Street, N... June 30, 11 a.m.

GPG/LINFOOD

Linfood Holdings has b... notified by **Guinness Peat Gr...** that it has acquired furt... ordinary shares in Linfood ... follows:—On May 5, 50,000, on M... 10, 25,000 and on May 25, 175,... shares. In addition Guinness P... has informed the company tha... has accepted the company's of... for its holding of Wheatsh... Distribution and Trading ordin... shares as a result of which it ... acquired a further 150,000 ordin... shares in Linfood.

Guinness Peat now has ... interest in Linfood totall... 4,836,186 ordinary shares.

هكذا من الأصل

A PROBLEM FOR RHODESIA

The Africans' hunger for more land

By MARTIN DICKSON, recently in Rhodesia

MR. S. C. PARAFFIN, proprietor of the Progressive Store and village petrol station in the heart of the Zwimba tribal trust land, stands at the entrance to his modest shop and talks of one of one of the most crucial questions that will face a black government of Zimbabwe—African land hunger.

Mr. Paraffin is a local representative of Bishop Muzorewa's United African National Council (UANC) and this, as well as his shop, should keep him in touch with local opinion.

What improvements do the people of Zwimba expect when a black government takes over in Rhodesia? "More land," is Mr. Paraffin's immediate answer as he looks out towards the mud hut homesteads, plots of stunted maize and overgrazed grassland that stretch away in an untidy jigsaw.

"There are people here who have been working the same few acres for 20 years," he says. "They can't get any good crops. Elsewhere there is land just lying about. You can't get enough food, not enough for the school-children, not enough for the granaries. Sometimes you don't have enough to buy a coffin for your wife."

Some 20 miles to the north of Mr. Paraffin's store, not far from Sinoia, lies the farm of Mr. Hugh Meikle. Since coming to Rhodesia from Britain in the early 1950's, he has built a prosperous mixed estate of just over 3,000 acres. He attributes his success to "sheer hard work."

Like most white farmers, Mr. Meikle is apprehensive about the future but is trying to look on the bright side. He argues that the agricultural record of most governments in black Africa cannot inspire great confidence. "But," he adds, "with a little bit of sanity it will work. With a little bit of intelligence this country can go one way — and that is up and forwards. And intelligence involves leaving white farmers to get on with their work."

As he speaks, the eye wanders across the manicured lawn in front of his beautiful thatched roof farmhouse. Incongruously juxtaposed are a set of croquet hoops and, beyond them, the barbed wire that tops the security fence around Mr. Meikle's home.

The fence, designed to keep out any guerrillas moving through the neighbourhood, is a reminder that Rhodesia's bush war is far from over and that if the Government of Zimbabwe were finally to emerge from the battlefield, rather than the negotiating table, there would be a major exodus of whites and the possibility of a far more radical solution to the land question than those currently being worked on in Salisbury.

Whatever the political complexion of the black government that finally takes over, it will be under irresistible pressure to distribute more land to the peasants of the over-populated Tribal Trust Lands (TTLs) where some 60 per cent. of the 6.5m. Rhodesian Africans live, largely by subsistence farming. That will mean taking some land out of the hands of whites, who own some 46 per cent. of the land set aside for agriculture.

However, since Rhodesia's 6,600 white farmers provide over 75 per cent of the country's marketed agricultural production and a major share of the country's foreign exchange earnings, none of the redistribution schemes currently being put forward inside the country foresee any major shake-up in white farming. Rather, the emphasis is on redistributing white farm land that is currently being under-utilised.

For instance, Mr. Ernest Bulle, vice-president of the UANC and now joint Minister of Finance, has assured white farmers that "no sensible man would want to disturb them." However, he adds that a UANC government would try to buy up and redistribute land owned by absentee landlords and that not being used productively by resident farmers.

Land redistribution will not merely be a political necessity for a black government. Economic and humanitarian considerations also dictate it, to take pressure off the overcrowded TTLs, where land is held by the community and plots are distributed to individuals by tribal authorities.

Some form of redistribution is therefore accepted by most of the black and white special interest groups that have been putting forward agricultural blueprints for the future, many of them similar in broad strategy. Over-population, poor subsistence farming methods and lack of decent infrastructure have created severe ecological problems in the TTLs.

In the words of the Whitsun Foundation, a development planning agency backed by business, these factors have combined to produce "not only low productivity and depressed human welfare, they have also placed a devastating and inexorable burden on the rural environment which has led to a cumulative destruction or degradation of natural resources in many areas, where already the ability to sustain a livelihood for an ever growing population has become marginal." When to this is added the growing disruption caused by the war to African rural life, the immensity of the problem begins to be appreciated.

Everyone in Salisbury agrees that the new government should not redistribute land without careful thought. It must not merely export the poor farming methods of the subsistence peasant and destroy more resources.

Common therefore to many blueprints is the idea that redistributed land should go to the best African farmers and that it should be held on a freehold basis to encourage capital investment.

What this boils down to is broadly an extension of the past system whereby a relatively small amount of land is set aside as so-called African purchase areas, where black farmers of proven ability can buy land freehold.

However, there is not nearly enough under-utilised white farmland to distribute to the better African farmers for extensive farming. Many of the blueprints therefore stress the need for intensive methods on much of the redistributed land, with small, well-irrigated plots producing high-yield crops.

Along with this would go a massive development programme to help those peasants remaining in the TTLs, which in the long term would move towards a system of individual rather than communal tenure—an idea which at present would be strongly opposed by peasant traditionalists. Some blueprints also foresee the extension of Rhodesia's present system of limited State farming.

It is far from clear what chance these paper proposals have of becoming reality. The schemes would take a considerable time to implement and money which Rhodesia's deteriorating economy does not now have—the sort of resources, in fact, that were envisaged as an integral part of the now rejected Anglo-American plan. Meanwhile, officials are planning and leaving the real political questions for a new Zimbabwe Government. Will this new Government be prepared to proceed gradually in the face of peasant demands for immediate redress? How would it react if, as some people fear, the TTLs burst open and squatters moved in large numbers on to white farms? No one knows now and no one will know until majority rule arrives.

Tobacco is an important cash crop for Rhodesians

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESSES FOR SALE

BUSINESSES WANTED

Wellco sticks to forecast

The directors of Wellco Holdings report turnover up from £2.4m to £3.2m and pre-tax profits ahead from £267,000 to £296,000 for the half year to December 31, 1977. And they confirm the forecast made last month, at the time of the rights issue, that profits for the full year will be not less than £580,000. Profit for the whole of the 1976-77 year was a record £500,000.

The directors have already announced a 0.175p net per 5p share interim dividend compared with 0.1625p last time, and they say that on the profit forecast they would intend to pay a 0.95p final, in context with the rights issue.

Wellco, whose principal activities include the distribution of electrical components, property developing and building contracting, has opened up a new export market in Iran for the heating elements for samovars which could be worth as much as £4m a year. The group has recently received its first order of more than £250,000.

Huntleigh stays on target

Continued development and new growth ventures should not affect the Huntleigh Group's increase in turnover and profit this year, Sir Joseph Hunt, chairman told the AGM.

"We hope we have planned a good balance between the continued development of the ongoing business and the in[...]tion of new ventures," he s[...]

He believed that the lo[...] which would result from new growth ventures [...] likely to be offset by profit improvements elsewhere in [...] group. And he saw no re[...] to modify the view that H[...]leigh should increase its t[...]over and profits in the cur[...] year."

EGI silent on County & Suburban bid

A £433,769 surplus on a De[...]ber year-end property revalu[...] at Estates and General In[...]ments keeps the company's [...] assets to 32p a share, despi[...] £155,000 write-off and tra[...] losses from its abortive Not[...]ham Hotel venture.

Chairman Mr. J. K. Laur[...] looks forward to 1978 "with [...]fidence," but he makes no [...]ment about a possible rene[...] takeover approach from Mr. P[...] Prowting's County and Subu[...] Holdings. County and Subu[...] took its shareholding in Es[...] and General to 39.9 per [...] following further share acq[...]tions sanctioned at Decem[...] EGM.

As reported, pre-tax profits [...] the year increased from £25[...] to £331,580 and dividends [...] been increased from 0.8p to [...] net.

Teachers Assurance bon[...] rates stepped-up

Teachers Assurance Company is maintaining its reversionary bonus rate for the three years to September 30, 1977, at 3.50 per cent per annum of the sum assured. But it has more than doubled its terminal bonus rates payable on death and maturity claims. The new scale based on the sum assured varies from 220 per cent for a ten-year contract to 450 per cent for a 20-year contract to 550 per cent for a 25-year contract, compared with 140 per cent, 200 per cent and 200 per cent respectively on the previous scale.

Thus the company has made substantial increases in its terminal bonus rates and has obviously adopted the philosophy that the bonus paid at maturity should represent a large portion of the ultimate maturity value.

The Teachers' Provident Society, the friendly society managed by Teachers' Assurance, has also maintained its reversionary bonus and substantially lifted the terminal bonus rate. The reversionary bonus rate for the three years ending December 31, 1977, is kept at £6 per cent per annum of the sum assured. But the new terminal bonus scale varies from 360 per cent of the sum assured at ten years to 380 per cent at 20 years to 680 per cent at 25 years, compared with 220 per cent, 300 per cent and 300 per cent respectively on the previous scale.

Both these organisations were originally established to provide life assurance and friendly society services to the teaching profession. But about seven or eight years ago membership was made available to the general public, but only recently have the two organisations sought to make their services known.

National Mutual Life Assurance Society is to maintain, until further notice, its final bonus rate, payable on death or maturity claims, at the present level of 30 per cent of attaching reversionary bonuses. This bonus rate is reviewed every six months and was last increased to its current level 12 months ago from the previous rate of 25 per cent.

Lake View directors to cut their pay

AGAINST A background of growing complaint about the lack of incentive offered to UK management by the tax rates, directors of Lake View Investment Trust are moving to reduce the amount of remuneration available to them.

Since 1951 directors have been entitled to 3.5 per cent of the company's net income as remuneration. But Mr. C. Alan McLintock, the chairman, points out in a circular to shareholders that the growth in income has made the amount available unrealistic, with the results that the bulk of the amount has [...] waived.

In the latest year to March 1978, the entitlement was £7[...] with directors taking £9,0[...] £3,000 for the chairman and £2[...] each for the three other direc[...] 1 per cent of net income.

And in the last six years entitlement has totalled £375,[...] with all but £61,074 of [...] waived.

The directors have called [...] EGM to follow the June 27 A[...] to £11,000, and Mr. McLint[...]tion to provide that their t[...] remuneration should not exc[...] 1 per cen of net income.

However directors will still [...] waiving a considerable portion [...] this reduced amount, which [...] year would have been £21,439.

While their entitlement o[...] this period has been growing [...] "unrealistic" levels, the act[...] remuneration has remained [...] altered for 18 years, and it [...] proposed to lift the amount p[...] to each director by £500.

This will lift the total paym[...] to to £11,000, and Mr. McLinto[...] says this will leave a margin [...] accommodate the appointment [...] further directors if required.

Two directors, Mr. R. Cornw[...] Jones and Mr. W. J. R. Gov[...] have beneficial interests in Ja[...] Govett and Co., which acts [...] managers to the trust. Lake V[...] in turn owns 15.1 per cent [...] ordinary shares in Govett, 20.4 [...] cent of 5 per cent preferer[...] shares and 27.5 per cent of [...] 10 per cent preference capital.

Philip Hill increases loan by $5m

Philip Hill Investment Trust [...] arranged to increase an exist[...] multi-currency loan facility [...] $2m, due for repayment [...] September 30, 1980, by an ad[...]tional $5m to finance furt[...] portfolio investment in the U.S.

It is intended to draw the [...]crease in Euro-dollars but [...] gradually as and when suita[...] investment opportunities ar[...] The repayment date has been [...]tended to May 31, 1982, but [...] other terms and conditions rem[...] unchanged.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
ATT	$55	7	—	7¼	—	7⅜	—	$61⅛
ATT	$60	2⅝	—	2⅞	—	3⅞	—	..
ATT	$65	¼	—	⅜	—	1	4	..
Citicorp	$20	4½	—	4⅞	—	5½	—	$24⅜
Citicorp	$25	1	—	1⅛	—	2½	6	..
E. Kodak	$40	17	—	16½	2	17¾	—	$56⅞
E. Kodak	$45	11¾	2	12½		13	—	..
E. Kodak	$50	6¾	3	7⅝	8	9⅛	—	..
E. Kodak	$60	1⅝	5	3⅝	5	4⅜	5	..
Exxon	$40	7⅛	—	7½	—	7¾	—	$47
Exxon	$45	3¼		3⅜	—	4⅝	—	
Exxon	$50	⅝	—	1⅝		2	—	..
GM	$50	11¾	—	12¼	—	12¾	—	$61⅛
GM	$60	3⅛	—	4⅝		5	—	..
GM	$70	⅜	—	⅞	—	1½	—	..
IBM	$240	23½	—	26¾	2	29¾	—	$260⅞
IBM	$260	8		13¼		17¼	—	—
IBM	$280	2		6½	—	9	—	..
Sears	$20	5	—	5¼		5¾	—	$24⅞
Sears	$25	1½		2¼		3	9	..
Sears	$30	⅛		⅝		1¼	1	..
Algemene	F330	26.00	—	28.50	—	28.00	—	F356
Algemene	F340	18.50	—	21.00	—	23.50	—	..
Algemene	F350	10.00	—	12.30	—	16.50	—	..
Algemene	F360	6.20	—	7.50	—	9.50	—	..
Amro	F70	5.60	—	6.50	—	8.00	—	F74.50
Amro	F75	1.50	—	2.50	21	4.50	2	..
Amro	F80	1.00	—	1.70	—	2.50	—	..
KLM	F160	28.50	11	34.50	—	36.00	2	F184.50
KLM	F170	21.00	6	20.00	3	28.00	2	..
KLM	F180	16.50	28	22.00	22	28.00	28	..
KLM	F190	11.00	26	13.00	1	22.50	3	..
KLM	F200	10.00	56	15.00	25	15.00	9	..
KLM	F220	—	—	9.00	15	9.50	5	..
Nat Ned	F100	11.50	—	13.00	—	15.00	—	F109
Nat Ned	F110	3.00	2	5.00	—	7.50	—	..
Nat Ned	F120	1.60		2.00	—	3.80	1	..
Philips	F22.50	4.20	2	4.80	—	5.20	—	F26.80
Philips	F25.00	1.80	25	2.20	4	3.20	112	..
Philips	F27.50	0.70	100	1.20	26	1.60	18	..
R. D. Shell	F120	8.00	—	10.00		12.60	5	F126
R. D. Shell	F130	1.20	15	3.80	20	5.50	20	..
R. D. Shell	F140	0.50	—	1.00	—	2.50	—	..
Unilever	[illegible]	5.80	—	6.50	—	7.50	8	F113.30
Unilever	F1	2.00	—	2.00	—	4.00	—	..
[illegible]er	F1	1.70	—	0.80	—	1.70	—	..

These particulars are given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Thames Plywood Manufacturers Limited ("the Company"). The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application has been made to the Council of The Stock Exchange for the whole of the share capital of the Company to be admitted to the Official List. Shares of the Company rank pari passu in all respects including the right to receive all dividends hereafter declared.

A copy of this document and the documents hereinafter referred to have been delivered to the Registrar of Companies for Registration.

THAMES PLYWOOD MANUFACTURERS LIMITED

(Incorporated in England under the Companies Act 1929 No. 421037)

A placing by

HALLIDAY SIMPSON & CO.

of 500,000 shares of 25p each at 34p

The shares being placed are in registered form and subject therefore to the payment of ad valorem stampduty by purchasers.

SHARE CAPITAL

Authorised £		Issued and Fully Paid £
600,000	in 2,400,000 shares of 25p each	600,000

At close of business on the 1st June 1978 neither the Company nor any of its subsidiaries had outstanding any borrowings or indebtedness in the nature of borrowings including loan capital, bank overdrafts, liabilities under acceptance (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees (apart from inter-company guarantees) or other material contingent liabilities.

These particulars are issued in connection with an application for re-admission to the Official List of the Stock Exchange of the whole of the share capital of the Company.

DIRECTORS

CYRIL POWELL CHOULARTON—94 Carrwood, Hale Barns, Cheshire (Chairman)
SIR HENRY ELLIS ISIDORE PHILLIPS, C.M.G., M.B.E.—34 Ross Court, London, S.W.15 (Deputy Chairman)
RODNEY ARTHUR HEWSON—3 The Landway, Bearsted, Kent (Managing Director)
KENNETH DADD—36 The Albany, Woodford Green, Essex
ROBERT STUART HARRIGAN—Burr House, Warren Road, Near Chatham, Kent
MARTIN MANFRED HART—17 Walbrook, London, E.18
MAX LINDNER—7 The Beacons, Loughton, Essex

SECRETARY AND REGISTERED OFFICE

KENNETH DADD, F.C.A.—183 Harts Lane, Barking, Essex

BANKERS

NATIONAL WESTMINSTER BANK LIMITED—65 Aldwych, London, WC2B 4DS

STOCKBROKERS

HALLIDAY SIMPSON & CO., P.O. Box 412, 98 King Street, Manchester, M60 2HA and The Stock Exchange

SOLICITORS

ALEXANDER, TATHAM & CO., 30 St. Ann Street, Manchester M2 3DB

AUDITORS

DELOITTE HASKINS & SELLS (Chartered Accountants), 128 Queen Victoria Street, London, E.C.4

REGISTRARS AND TRANSFER OFFICE

WARBURG REGISTRARS LIMITED, 34 Beckenham Road, Beckenham, Kent

CHAIRMAN'S LETTER

The following is a copy of a letter to Halliday Simpson & Co. from Mr. Cyril Choularton, Chairman of the Company:—

The Partners,
Halliday Simpson & Co.,
98 King Street,
Manchester 2.

183 Harts Lane,
Barking, Essex.
6th June 1978

Gentlemen,

In connection with the application for re-admission to the Official List of The Stock Exchange of the whole of the share capital of the Company I am writing to provide you with information regarding the Company and its trading subsidiary.

HISTORY AND BUSINESS

The Company was incorporated in England on 7th October 1946 and on 17th October, 1946 became a public company listed on The Stock Exchange, London. From 1946 the Company has owned and occupied freehold premises in Barking, Essex, where the main activity has been the manufacture of high quality plywood.

In 1969 the Company formed a wholly owned subsidiary, Technical Panel Industries Limited (T.P.I.), to manufacture composite panels at premises in Braintree, Essex, for use in the construction of commercial vehicle bodies and containers. T.P.I. had an issued and fully paid share capital of £100,000.

In August 1977 a successful offer was made for the whole of the share capital of the Company. In September 1977 the Company sold the equity of T.P.I. for a consideration of £100,000 in cash. Later the purchasers of the Company sold their shares, with the exception of 23,060, to Ashley Industrial Trust Limited (Ashley). Ashley, which is a wholly owned subsidiary of my family company, C.P. Choularton, Sons & Partners Limited (Choularton) had owned, at the time of the August offer, 55.19% of the share capital of the Company. Consequent upon these transactions the Company's Stock Exchange listing was suspended. Subsequently Ashley sold 13.3% of the share capital of the Company to other members who had been shareholders at the time of the August offer, and the remainder to Bankfield Property Associates Limited, another wholly owned subsidiary of Choularton. Choularton are now the ultimate parent of the Company holding 85.7% of the issued share capital.

The Company now has two main divisions of activity both of which are based at our Barking premises.

PLYWOOD DIVISION

The Plywood Division continues to manufacture high quality plywood for sale to the marine, building and commercial vehicle industries. It has extended its product range to include the manufacture of doors and panels, of varying types and construction, for the building and transport industries.

THAMESPLY PRODUCTS LIMITED

Thamesply Products Limited is a wholly owned subsidiary of the Company and commenced to trade on 1st May 1977. It is engaged in the sale of specialist materials to the building industry both at home and overseas. Currently, it sells doors, windows, laminated panels, wooden fitted units, prefabricated bedroom units, etc. In addition to certain of the products manufactured by the Plywood Division it sells products from a number of manufacturers again both at home and overseas.

PREMISES

The Company owns the freehold title to 8.16 acres of land at Harts Lane, Barking, Essex. Erected on this site are single storey factory premises and a two storey office block totalling some 184,000 square feet. The main buildings were erected in 1959. The land and buildings were valued on a current open market basis on 25th May, 1977, at £450,000. The valuation which necessitated a reduction of the Capital Reserve which was created following a higher professional valuation on a going concern basis in 1973 was incorporated in the Balance Sheet at 30th April 1977 and approved by shareholders.

WORKING CAPITAL

The Directors are of the opinion that, having regard to existing bank balances and bank facilities, the Company and its subsidiary have sufficient working capital for their present requirements.

FINANCIAL INFORMATION

The information set out below is based on the audited accounts of the Company after making such adjustments as the Directors consider appropriate.

I. ACCOUNTING POLICIES

The significant accounting policies adopted in arriving at the financial information set out below are as follows:—

(a) The Company prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of property.

(b) No depreciation is provided on freehold property. Depreciation on other fixed assets is provided by equal annual instalments to write off the cost of each asset over its estimated useful life.

The annual rates being:—

Machinery and Plant	10-33%
Vehicles	25%
Office Equipment	20%

(c) Fixed assets are stated at cost less depreciation calculated in accordance with (b) above, except for the Company's freehold property. At 30th April, 1977, this has been incorporated in the balance sheet at the amount of a valuation dated 25th May, 1977; previous balance sheets incorporate a professional valuation carried out in February 1973.

(d) Stocks and work in progress are valued at the lower of cost, including factory overheads, and net realisable value.

(e) Deferred taxation has been provided for:—

(i) the excess of the written down book values of fixed assets over the corresponding written down tax values;

(ii) claims for stock appreciation relief;

(iii) other timing differences.

(f) There is a contingent liability to tax which it is estimated would not exceed £35,000 and which would arise on disposal of the freehold property at its 30th April, 1977, balance sheet value.

II. PROFIT AND LOSS ACCOUNT

The Profit and loss Accounts of the Company for the 5 accounting periods ended 30th April, 1977, after excluding the results of and dividends received from T.P.I., are set out below:—

Number of Weeks	53	82	52	53	52
Date Ended	30.9.72	27.4.74	26.4.75	30.4.76	30.4.77
	£000s	£000s	£000s	£000s	£000s
Turnover	1,253	2,658	1,652	1,796	1,822
Cost of Sales	1,224	2,480	1,630	1,779	1,590
Profit before Taxation	29	178	22	17	232
Taxation	12	90	12	14	121
Extraordinary Item	—	12	5	—	—
Profit after Extraordinary Items	17	76	5	3	111
Group Dividends £000s	26	41	28	30	44
Net Dividends Pence per Share	2.094	1.791	1.158	1.285	1.815
Profit/(Loss) Retained	(9)	35	(23)	(27)	67

Notes:

(a) The cost of sales is arrived at after charging the following items:—

Depreciation	29	33	20	18	17
Interest Payable	8	20	16	3	8
and crediting:—					
Interest Receivable	14	29	13	10	13
Temporary Employment Subsidy	—	—	—	—	155

(b) Taxation charges are in respect of United Kingdom Corporation Tax including transfers to deferred taxation.

(c) Extraordinary item in 1974 consists of the costs incurred by the Company in connection with the offer for its shares by Ashley. Extraordinary item in 1975 consists of redundancy payments and pay in lieu of notice.

(d) The dividend payments set out in pence per share are based on 2,400,000 Shares for purposes of comparison.

(e) The profit before tax for the period ended 30th April, 1977, includes £154,950 Temporary Employment Subsidy. No such subsidy was received in previous periods.

On the 10th March, 1978, I issued an Interim Statement for the half year ended 31st October, 1977, in which was set out the following information:—

The Directors of Thames Plywood Manufacturers Limited announce that the results for the half year ended 31st October, 1977, on the basis of interim unaudited accounts are as follows:—

	6 months to 31.10.77 £	6 months to 31.10.76 £	Year to 30.4.77 £
Turnover	1,089,000	846,000	1,822,000
Profit before Taxation	71,000	74,000	232,000
Profit after Taxation	34,000	35,000	111,000

All figures have been adjusted to exclude the results of Technical Panel Industries Limited, a wholly-owned subsidiary, which was sold in September, 1977.

The six months' profit before taxation includes Temporary Employment Subsidy of £47,000 (6 months to 31.10.76-£72,000).

III. CONSOLIDATED BALANCE SHEETS

The following is a statement of the Consolidated balance sheets (being Plywood Division and Thamesply Products Limited) of the Company at 25th September 1971 to 30th April 1977. The balance sheet at 30th April, 1977 has been adjusted to show the effect of the disposal of the interest in T.P.I. on 2nd September 1977 and the capitalisation issue made on 25th August 1977.

	25.9.71 £000s	30.9.72 £000s	27.4.74 £000s	26.4.75 £000s	30.4.76 £000s	30.4.77 £000s
FIXED ASSETS						
Freehold Property	97	97	745	748	748	450
Machinery and Plant	50	36	53	43	40	42
Vehicles and Office Equipment	7	10	18	14	17	14
	154	143	816	805	805	506
Investment in T.P.I.	204	312	223	242	224	—
Investment in Associated Company	1	1	1	—	—	1
	359	456	1,040	1,047	1,029	507
CURRENT ASSETS						
Stocks and Work in Progress	320	274	556	481	440	660
Debtors	187	229	357	314	259	353
Bank Balance and Cash	3	1	1	1	35	186
	510	504	914	796	734	1,199
LESS: CURRENT LIABILITIES						
Creditors	87	110	340	247	262	310
Bank Overdraft (unsecured) and loan	101	91	102	99	—	—
Dividend	12	26	16	19	22	27
Taxation	—	23	70	23	46	39
	200	250	528	388	330	376
NET CURRENT ASSETS	310	254	386	408	404	823
	669	710	1,426	1,455	1,433	1,330
FINANCED BY						
SHARE CAPITAL	300	300	300	300	300	600
CAPITAL RESERVE	—	—	647	647	647	49
DISTRIBUTABLE RESERVES	369	410	476	461	460	553
	669	710	1,423	1,408	1,407	1,202
DEFERRED TAXATION	—	—	3	47	26	128
	669	710	1,426	1,455	1,433	1,330

Notes:

(a) The fixed assets at 30th April, 1977 as adjusted for the disposal of T.P.I. were made up as follows:—

	Cost or Valuation £000s	Accumulated Depreciation £000s	Net Book Value £000s
Freehold Property	450	—	450
Machinery and Plant	446	404	42
Vehicles and Office Equipment	49	35	14
	945	439	506

(b) As previously stated, deferred taxation, which would amount to approximately £35,000, is not provided in respect of the surplus arising out of the revaluation of the company's freehold property which has been incorporated into the 1977 balance sheet.

(c) Investment in subsidiaries—the figures shown on each balance sheet from 1971 to 1976 relate wholly to T.P.I. and represent £100,000 investment in share capital, £100,000 loan plus normal trading indebtedness. At 30th April, 1977, the figure was £240,000. In September 1977 the Company sold T.P.I. and received in cash £200,000 in consideration for the investment in share capital and loan. In the 1977 Balance Sheet the £200,000 has been treated as cash at bank and included £40,000 in debtors.

(d) The investment in associated company consists of shares at cost of £50 plus loan. The shares comprise 50 per cent. of the issued share capital of Barking & Ilford Navigation Co. (1961) Limited. The Company's proportion of the associated company's undistributed profits carried forward at 31st July, 1976, was £127.

(e) The capital reserve was created in 1974 at an amount of £647,082 being the increase in value of freehold property incorporated in the 1974 Balance Sheet following a professional valuation carried out in 1973. This reserve was reduced by £297,600 being the deficit arising on freehold property following the incorporation in the 1977 Balance Sheet of the valuation in May 1977. This reserve has been further reduced, in the 1977 Balance Sheet, by £300,000 to take account of the one for one capitalisation issue made on 25th August, 1977.

(f) At 30th April, 1977, future capital expenditure of the Company totalling £12,400 had been authorised by the Directors.

(g) There were no material contingent liabilities of the Company at 30th April, 1977.

(h) Audited accounts of the Company have not been prepared for any period subsequent to April 1977.

(i) The distributable and retained profits shown above are not identical by reason of adjustments arising out of the deconsolidation of T.P.I. from the Group accounts. The adjustments are as follows:—

	30.9.72	27.4.74	26.4.75	30.4.76	30.4.77
A. Net Dividends received from T.P.I.	—	—	8	28	26
B. Write back of provision for T.P.I. losses	50	31	—	—	—

MANAGEMENT AND STAFF

Cyril Choularton is 64 and has been a Director of the Company since November 1973.

Sir Henry Phillips is 63 and has been a Director of the Company since 1969.

Rodney Hewson is 43 and is the Managing Director of the Plywood Division. He joined the Company in March 1973 at which time he was appointed a Director.

Kenneth Dadd is 41 and is a Chartered Accountant. He joined the Company in November 1973 at which time he was appointed a Director.

Stuart Harrigan is 39 and is the Managing Director of Thamesply Products Limited. He joined the Company in November 1971 and was appointed a Director in February 1973.

Martin Hart is 60 and has been a Director of the Company since 1955.

Max Lindner is 67 and has been a Director of the Company since 1963.

The number of employees totals 176 of whom 25 are part-time. I am pleased to say relations with all levels of employees are good.

There is a non-contributory pension scheme for senior staff and a contributory pension scheme available for weekly and hourly paid employees.

DIVIDENDS AND PROSPECTS

An interim dividend of 0.75p per Share compared to 0.685p last year (adjusted for the increase in shares following the one for one capitalisation issue in August 1977) was paid on the 25th April, 1978 and in the absence of unforeseen circumstances your Directors intend to recommend the payment of a final dividend of 1.25p per share in October 1978 (1977: 1.13p) making a total for the year of 2p (1977: 1.815p).

Turnover in 1978 was in line with that of the preceding year and is currently proceeding at similar levels.

Your Board is currently considering the possibility of a more efficient use of the Company's site and premises at Barking by reorganising the processes of manufacture now carried out and it is the intention of your Directors to increase turnover in the current types of manufacture not only through the process of natural growth but also if suitable opportunity arises by acquisition and merger of other companies engaged in similar manufacturing the output of which could be transferred into the works.

Yours faithfully,
C. P. Choularton.

STATUTORY AND GENERAL INFORMATION

Share Capital

At 30th April, 1977, the authorised share capital of the Company was £300,000 divided into 1,200,000 shares of 25p each, all of which were issued and fully paid. Of these shares 1,179,996 had been issued as fully paid for consideration other than cash.

By an Ordinary Resolution passed on the 25th August, 1977:

(a) The authorised share capital was increased from £300,000 to £600,000 by the creation of 1,200,000 new Shares of 25p each.

(b) The sum of £300,000 (being part of the capital reserve of the Company) was capitalised and the Board were authorised and directed to appropriate such sum to and amongst the holders of Shares on the Register of Members at the close of business on the 19th August, 1977 in the proportion in which they held such shares respectively on that day, on condition that such sum be applied in paying up in full at par 1,200,000 unissued Shares of 25p each ranking pari passu in all respects with the existing Issued shares of 25p each.

At 30th April, 1977, the issued and fully paid share capital of Thamesply Products Limited was 100 shares of £1 par value each. By an Ordinary Resolution passed on the 28th February, 1978, the issued and fully paid capital was increased to 5,000 shares of £1 par value each.

Save as disclosed herein (i) no unissued share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option (ii) no share or loan capital of the Company or any of its subsidiaries has within two years preceding the date of these particulars been issued, agreed to be issued, or is now proposed to be issued for cash or otherwise, and (iii) no commissions, discounts, brokerages or other special terms have been granted within the said two years by the Company or by any of its subsidiaries in connection with the issue or sale of any part of their respective share or loan capitals.

TAXATION

The Directors believe that immediately following the admission to the Official List of the share capital of the Company, the Company should not be a close company as defined in the Income and Corporation Taxes Act, 1970.

DIRECTORS AND OTHER INTERESTS

Interests of the Directors and their families in the shares of the Company are as follows:

	Beneficial	Non-beneficial
C. P. Choularton	Nil	400
Sir Henry Phillips	1,600	Nil
R. A. Hewson	1,000	Nil
K. Dadd	2,000	Nil
R. S. Harrigan	800	Nil
M. M. Hart	3,454	Nil
M. Lindner	Nil	400

Bankfield Property Associated Limited owns 2,056,920 (85.7 per cent) shares of the Company and is a wholly owned subsidiary company of C. P. Choularton, Sons and Partners Limited.

The only other shareholding in excess of 5 per cent of the total issued share capital is that of Barclays Nominees (M and G Group) Limited which holds 240,000 shares (10 per cent of the issued share capital).

ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions (inter alia) to the following effect:—

Votes of Members

Every Member who (being an individual) is present in person or (being a corporation) is present by a representative or proxy not being himself a Member, shall have one vote, and on a poll every Member who is present in person or by proxy shall have one vote for every share of which he is the holder.

Directors

(a) The nature of any interest of any Director or intending Director in any contract or arrangement with the Company either as vendor, purchaser or otherwise must be declared by him at a meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement then at the next meeting of the Directors held after he became so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made then at the first meeting of the Directors held after he becomes so interested: Provided nevertheless that a Director shall not vote in respect of any contract or arrangement in which he is so interested, and if he shall do so his vote shall not be counted.

(b) The Directors shall be entitled to remuneration at the rate of £1,250 per annum for the Chairman, £1,000 per annum for the Deputy Chairman and £500 per annum for each of the other non-executive Directors. The Company in General Meeting may also vote extra remuneration to the Directors, which shall, in default of agreement to the contrary, be divided between the Directors equally. The Directors' remuneration shall be deemed to accrue daily.

The Directors including alternate Directors shall also be entitled to be paid all travelling, hotel and incidental expenses properly incurred by them in or with a view to the performance of their duties, or in attending meetings of the Directors or of committees of the Directors or General Meetings.

Any Director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine.

Directors may establish and maintain any pension, insurance and superannuation fund for their benefit and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time employees or servants of the Company.

(c) The qualification of a Director is the holding in his own right alone and not jointly with any other person of shares of the company to the nominal amount of £100.

(d) **Borrowing Powers**

(i) The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt liability or obligation of the Company or any third party.

(ii) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards subsidiaries so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company and/or any of its subsidiaries (exclusive of moneys borrowed by the Company from and for the time being owing to any such subsidiary or by any such subsidiary from and for the time being owing to the Company or another such subsidiary) shall not at any time without the previous consent or sanction of an Ordinary Resolution of the Company, exceed twice the nominal amount of the issued and paid-up Share Capital for the time being of the Company and the amounts standing to the credit of the consolidated capital and revenue reserves (including any Share Premium Account and Capital Redemption Reserve Fund and amount standing to the credit of the Consolidated Profit and Loss Account but after deducting any amounts standing to the debit of the Consolidated Profit and Loss Account) as shown in the latest published Consolidated Balance Sheet of the Company and its subsidiaries but adjusted as may be necessary in respect of any variation in the paid-up Share Capital or Share Premium Account since the date of that Balance Sheet and excluding (i) any sums set aside for future taxation assessable by reference to profits earned down to the said date; (ii) amounts attributable to outside shareholders in subsidiaries; (iii) any Share Capital or reserves derived from any writing-up or revaluation of fixed assets after 30th September, 1964 (but in the case of a subsidiary acquired after 30th September, 1964, the date of it becoming a subsidiary), by the Company or any of its subsidiaries; and (iv) any amounts appearing upon the said consolidation attributable to goodwill.

(e) **Retirement age**

Section 185 of the Companies Act 1948 (relating to the appointment and retirement of Directors who have attained the age of seventy) does not apply to the Company.

(f) **Remuneration**

The aggregate emoluments of the Directors of the Company for the year ended 30th April 1978 amounted to £30,285. No material change is anticipated in the year ending April 1979. Certain Directors hold service contracts brief particulars of which are as follows:—

	Fixed Annual Salary	Expiry Date
R. A. Hewson	£12,000	31st December 1979
K. Dadd	£11,000	28th February 1981

PLACING CONTRACT

Halliday Simpson & Co. have agreed, subject to the whole of the issued share capital of the Company being readmitted to the Official List by the Council of the Stock Exchange not later than 12th June, 1978, to place on behalf of Bankfield Property Associates Limited (a wholly owned subsidiary of C. P. Choularton, Sons & Partners Limited) 500,000 Ordinary Shares at 34p per share (less a commission of 1.5 per cent).

CONTRACT

The following contract not being a contract in the ordinary course of business has been entered into within 2 years immediately preceding the date of these particulars.

A deed of indemnity dated 4th August 1977 made between (1) Cyril Powell Choularton (2) Choularton (3) Ashley (4) the Company (5) Technical Panel Holdings Ltd. and (6) T.P.I. whereby the Company warranted the Balance Sheet, as at 5th March, 1977, of T.P.I. and agreed not to compete with T.P.I. for a period of 2 years.

GENERAL

1. Neither the Company nor its subsidiary is engaged in any litigation of material importance or has any litigation or claim of material importance pending or threatened against it.

2. Save as disclosed herein (i) no Director has or has had any interest in any assets which have been, or are proposed to be, acquired or disposed of by or leased to the Company or any of its subsidiaries; and (ii) there are no contracts or arrangements subsisting in which a Director is materially interested and which are significant in relation to the Company.

3. The expenses of the Placing including accountancy and legal charges, the costs of printing, Stock Exchange Listing fee and the fees of the Sponsoring Broker which are estimated to amount to £18,000 will be paid by the Company.

The following documents or copies thereof may be inspected at the offices of Halliday Simpson & Co., 73 Cheapside, London, E.C.2, and 98 King Street, Manchester 2, during usual business hours on any weekday (Saturdays excepted) for a period of fourteen days following the day of publication of these particulars:—

(i) The Memorandum and Articles of Association of the Company;

(ii) the Deed of Indemnity dated 4th August, 1977, described above;

(iii) the audited accounts of the Company for the financial periods ended 30th April, 1976, and 30th April, 1977; and

(iv) the Agreement with Halliday Simpson & Co. referred to above.

Further copies of these particulars may be obtained during business hours on any weekday (Saturdays excepted) up to and including 9th June, 1978 from:—

Halliday Simpson & Co., 73 Cheapside, London EC2V 6ES and

P.O. Box 412, 98 King Street, Manchester, M60 2HA.

Dated: 6th June, 1978.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

IC Industries bid for Pet excludes Hardee's

ST. LOUIS, June 5

PET Incorporated, the food and dairy products retailer, has received an offer from IC Industries proposing a cash merger of the two companies.

Under the terms of the proposed merger, Pet shareholders would receive $54 cash for each share of Pet common held. In June last year, Pet had 7.2m common shares outstanding, which puts a total value of $389m on the offer.

Alternatively, IC Industries proposed a merger upon which about 45 per cent of Pet's common would be converted into cash and the Pet common not converted into cash would be converted into shares of an equity security of IC Industries.

According to Pet, IC Industries in its letter noted that the Boards of Pet and of Hardee's Food System had approved a previously announced merger of Pet and Hardee's. IC Industries said that the terms of such a merger offers a substantial premium over normal market price to the Hardee's shareholders.

"Since our proposals herein also provide a substantial premium over the normal price of the Pet common stock, it is obvious that our proposals, if consumated after the possible consumation of the Hardee merger would result in a very costly compounding of premium," IC said. "Accordingly, we must condition each of our proposals upon such merger not being approved by shareholders of either Pet or Hardee. If any of our proposals results in a combination of Pet and IC Industries we would willingly consider and negotiate in good faith with Hardee the possibility of Hardee becoming a part of IC Industries."

Meanwhile, from Rocky Mount, the Board of Hardee's Food System said it plans to move ahead with its proposed merger into Pet despite the move by IC Industries.

Last month's agreement between Hardee and Pet offered Hardee's shareholders $20.50 in Pet common for each share of Hardee's.

Hardee's has requested a tax ruling from the IRS and anticipates that preliminary proxy materials concerning the merger with Pet will be filed with the SEC within the next few days.

IC said that should its proposed merger become effective it would expect that Pet would continue to operate as a separate company with its own Board. "We anticipate appropriate representation on the Pet Board of directors and we would invite Pet's representation on the IC Industries Board."

According to Pet, IC also said it was prepared to meet with Pet or a committee of its Board to discuss the proposals further. IC said it requested that Pet respond at "earliest convenience," but in no event later than 5 pm on June 6." AP-DJ

Poor start for East Coast sea oil search

By David Lascelles

NEW YORK, June 5.

THE U.S. has yet to discover its equivalent of North Sea oil. Continental Oil Corporation (Conoco) announced at the weekend that its exploratory hole in the Atlantic off New Jersey, the first to be drilled in the area, turned out to be dry. The company drilled to a depth of 12,000 feet without finding any significant shows of either oil or natural gas.

The announcement was disappointing, given the intense national interest in the quest for hydrocarbons off the East Coast, which is one of the country's major refining and consumption areas. But both industry officials and oil experts said that a dry hole at this stage was not surprising and did not affect the chances of oil or gas being discovered later.

The chances of a major discovery have been put at about one in five. Significantly, the Government's Geological Survey has continued to harden its estimates of oil and gas deposits in the so-called Baltimore Canyon where drilling is presently concentrated.

Last week it revised its oil estimates in the leased tracts from 0.4-1.4bn barrels to 0.8bn, and its gas estimates from 2.6-9.4 trillion (million million) cubic feet to 13.3 trillion.

Apart from Conoco, four companies are operating drilling rigs off New Jersey. They are Exxon, Houston Oil and Minerals, Shell Oil and Texaco. Five other companies, including Mobil and Gulf are expected to join the search later this year.

General Mills sees 16% rise

MINNEAPOLIS, June 5.

GENERAL MILLS reports that income from continuing operations for the fiscal year ended May 28 rose about 16 per cent to the $129m range, or slightly below $2.60 a share, compared with a restated $111.4m or $2.25 a year ago. A gain of about $7m or 14 cents a share from the operation and sale of the company's chemicals business brought final net profit to about $136m, or in the $2.70 to $2.75 a share range.

Sales rose about 16 per cent, the company said, to about $3.23bn from a restated $2.78bn in fiscal 1977.

General Mills plans several new product introductions in the coming months, and has promised aggressive promotional support for new and eisting items. Spending on advertising totalled between $165m and $170m in fiscal 1978, up from $145.6m a year earlier.

When food prices soared a few years ago, General Mills shifted some funds out of advertising, and into price promotions such as coupons. "We aren't planning to do that this year, but we have the fleibility to shift our promotional efforts if it becomes necessary" an eecutive said.

He added that General Mills' products can benefit somewbat from higher meat prices. "Higher bacon prices usually help cereal sales, and higher hamburger prices are usually good for Hamburger helper because it makes hamburger go farther," he said.

The company's major restaurant chain, Red Lobster Inns, specialises in seafood and thus will not be affected by higher beef prices as much as most restaurants. That is not true for York Steak House Systems, General Mills' second chain, but the company said that those restaurants' shopping mall locations should help keep customer traffic healthy.

General Mills is to build "a handful" of new Fennimore's Restaurants in the coming year. The company has been testing the concept, aimed mainly at breakfast, with one unit in Minneapolis.

In all, the company will add more than 46 new restaurant units in fiscal 1979 to the more than 300 now existing. Some Red Lobster Inns will be enlarged by one-third to seat over 300 people.
AP-DJ

Oceanic Finance in profit

BY OUR SHIPPING CORRESPONDENT

OCEANIC Finance Corporation, the Bermuda-based company formed last year to specialise in ship finance, has ended its first year with a small profit and a $14.5m deal to finance two refrigerated cargo ships.

This deal takes Oceanic's managed portfolio to $32m and, according to an interim statement from the company, has resulted in retained pre-tax earnings of $180,000.

Although still very small in the ship finance world, Oceanic has attracted considerable attention in its efforts to establish itself in an unusual specialism at a time of profound crisis in the shipping industry.

Mr. Paul Slater, Oceanic president and formerly with Grindlay Brandt, said he was optimistic about the company's future, although worried about the prospects for bulk shipping, which were set for another downward turn.

The new deal involves the charter of two seven-year-old refrigerated cargo vessels to an unnamed European company. The ships will be managed by the Uiterwyk Corporation of Florida. The loan was arranged in conjunction with the Royal Bank of Canada.

Gulf to pay cartel fine

By Our Own Correspondent

NEW YORK, June 5.

GULF OIL has decided not to contest Federal allegations of anti-trust violations arising from the uranium cartel case in which it was implicated. Instead the company is prepared to pay the $40,000 fine imposed by the Federal Court rather than pursue costly litigation to obtain a favourable verdict.

However, the company still faces several civil suits based on the cartel's activities, and aspects of the case are being appealed.

Share buyers' attitudes worry NYSE

BY JOHN WYLES

NEW YORK, June 5.

IN ITS first survey of attitudes since 1959 the New York Stock Exchange has found that Americans are deeply concerned with inflation and strongly averse to making "risky" investments.

Characterising the survey conducted by Opinion Research Corporation as "deeply disturbing and challenging" Mr. William Batten, chairman of the exchange, called today for decisive action to ensure that "lack of knowledge and unrealistic public policies do not transform us from a nation of risk takers into a nation of economically timid souls."

The survey results follow in-depth interviews in late 1977 and early 1978 of 2,740 households with annual incomes of more than $10,000. The NYSE claims that the study represents the views of "financial decision makers" of 45m. households or 61 per cent of all U.S. households.

The NYSE was extremely disturbed to find from its 1975 "census of shareowners" that there had been a net decline of 5½m individual owners of corporate stocks or mutual funds shares since 1970. On the evidence of the survey there is no significant resurgence of share ownership in prospect since common stocks are considered a "moderately risky" investment in comparison with cash savings, real estate and life insurance.

Only 9 per cent. of those surveyed said they intended to invest more in common stocks and 4 per cent. planned to reduce their holdings. Only 33 per cent. of the households were current owners of stocks.

The survey produced further backing for the security industry's demands for changes in taxation of dividends and of capital gains and losses. Some 47 per cent of current owners of stocks said they would add to their portfolios if dividends were no longer taxed as personal income and 49 per cent of former owners of stocks said they would return to the market if this change was made.

It was also found that misunderstanding and lack of knowledge appeared to be a formidable barrier to owning stocks and other types of securities investments.

More than 80 per cent of households cited as important investment goals the generation of income to meet expenses, keeping up with inflation, protection for family, income for retirement and personal control of assets.

Fewer than half regarded long-term capital appreciation, short-term profits or accumulating money for large purchases as important investment objectives. Some 77 per cent financial decision makers believed inflation will increase in the near future and 36 per cent thought the increase would be sharp.

Bundesbank halts U.S. CD issue

By Our Own Correspondent

NEW YORK, June 5.

THE West German Bundesbank has prevailed upon the Deutsche Genossenschaftsbank (DG Bank), the Frankfurt-based commercial bank, to cancel an offering in the U.S. of D-Mark denominated certificates of deposit (CDs), but not before the bank had managed to issue $10m worth of the paper.

The Bundesbank made the move because it is West German policy to prevent any expansion of the D-Mark into a key or reserve currency role. According to a bank spokesman, it has a general agreement with DG Bank in relation to D-Mark bonds and offerings abroad, and the proposed offering of CDs went against that agreement.

However, the Bundesbank has declined to comment in detail on the case. According to an agency report from Frankfurt today, it is proposing to make a statement on June 12.

DG Bank apparently planned the issue as a "trial balloon" to test reaction to an instrument for which there was bound to be strong market demand. The CDs would have given U.S. corporate treasurers a lucrative resting place for idle D-Mark funds, particularly those with subsidiaries in West Germany.

The CDs have the advantage of offering high liquidity since unlike term deposits, they can be cashed in at will.

However, DG Bank instructed Salomon Brothers, the New York investment bank to issue the DM CDs, apparently without the prior knowledge and consent of the Bundesbank. Also, even though a high Bundesbank official, Herr Karl Otto Poehl, is on the DG Bank's Board, he apparently, was not consulted about the proposed issue.

Once the issue came to the notice of the Bundesbank, it disallowed the sale, and Salomons had to recall the $10m worth it had already placed.

EUROBONDS

Prices firmer in quiet trading

By Francis Ghilès

THE Eurobond market was quiet yesterday with prices staging a slight technical recovery. The straight bond for National Westminster continued firm while the recent Ontario Hydro bond edged up to close at 97¼-97½. Disappointing news came from New York later in the day with indications that Sweden's Yankee bond, having been released from syndicate, was trading at 97¼-97¾.

The $50m private placement for the European Coal and Steel Community was priced at 99¾ to yield 8.79 per cent by lead manager, Banca Commerciale Italiana.

New Zealand is floating a Fl 75m private placement through a group of banks led by Amsterdam Rotterdam Bank. The bullet issue, which carries a coupon of 6¾ per cent and a maturity of six years, has been priced at par.

Imperial Chemical Industries is floating a SwFr 100m 15-year bond through a group of banks led by Union Bank of Switzerland. This bullet issue carries a coupon of 4¼ per cent and has been priced at par.

Prices in the Deutsche-Mark sector were seesawing yesterday. Ahead of the Sub-Committee on Capital Markets meeting scheduled for Wednesday, the keynote is uncertainty. In the domestic bond market, prices were on average a quarter of a point lower.

Fotomat $25m Kodak suit

STAMFORD, June 5.

FOTOMAT has filed suit in the Federal District Court in San Diego against Eastman Kodak alleging violations of the Sherman Anti-Trust Act by Kodak and seeking single damages of $25m.

Mr. John Lackland, Fotomat vice-president-general counsel, said that in many respects the Fotomat suit against Kodak is an add-on to the Berkey Photo case and is in many respects parallel.

Fotomat buys paper, film, chemicals and equipment from Kodak.

In an anti-trust suit, single damages are trebled, Mr. Lackland noted, so in effect the $25m suit is really seeking a $75m settlement.

In Rochester, New York, Eastman Kodak declined to comment on the suit. The company said it was aware of the suit but has not seen the court documents.
Reuter

Expansion in Brazil steel

BY DIANA SMITH

RIO DE JANEIRO, June 5.

BRAZIL'S National Steel Company (CSN), one of the numerous steel mills controlled by the State-owned holding company Siderbras, made a Cruzeiros 271.3m ($15.3m) net profit in 1977. Operating and non-operating outlays totalled $78.6m, and gross sales totalled $630m domestically and $7m abroad, principally of metal sheets (49.6 per cent) and hot-rolled thick laminated plates (12.3 per cent).

CSN's phase three expansion programme of its Volta Redondo works in Rio de Janeiro State is now under way, with $480m of a total $3.71bn investment already applied in stepping up new equipment and construction capacity from its present 2m tonnes to 4.6m tonnes per annum by 1982.

The $3.71bn investment, to which foreign resources, including special credits from the Interamerican Development Bank, are contributing $470.4m, is expected to be recouped within 13 years, and to yield a return of 7.9 per cent per annum.

With the CSN Phase Three and other major steel industry projects, Brazil's production capacity has risen from 6.5m tonnes in 1972 to 11.2m tonnes in 1977—a 72.3 per cent increase compared with a world average of 6.3 per cent. In the near future, Brazil hopes to become number 10 or 11 on the list of world steel producers, rising from its present position of number 15, thus overtaking Romania, Spain, Belgium and Czechoslovakia.

Gen. Electric, Honeywell link

FAIRFIELD, June 5

GENERAL ELECTRIC and Honeywell have reached agreement in principle to combine worldwide operations of General Electric's information services business division with Honeywell's timesharing marketing operations in the UK, Europe and Australia.

The new company will be 84 per cent owned by General Electric and 16 per cent owned by Honeywell.

The new company is scheduled to begin operations November.

Honeywell is the exclusive distributor for GE's Mark III computer services in Britain, Italy and Australia, with other Western European countries served jointly by Honeywell and Compagnie des Machines Bull.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

ANKING NEWS

Societe Generale plans scrip issue

BY DAVID CURRY

PARIS, June 5.

CIETE GENERALE, one of big three State-owned French nks, is making a two-for-25 ip issue to raise its capital FFr 933m. It is financing the r 89m operation out of re ves, which will then total ly FFr 1bn.

n a year marked by the ence of any real economic wth, severe restraint on the pansion of credit but a gradual axation on the money market, bank made a net profit of 431.72m ($94m), of which 122.9m came from the exceptional profits from overseas activities. The 1976 net was FFr 232.4m. The bank is transferring FFr 404m to reserves.

The consolidated balance sheet of the group at the end of 1977 was FFr 223.7bn and the consolidated profit FFr 794.9m ($173m) of which FFr 661.7m represented the Societe Generale's participation.

The bank complains that general economic conditions made it difficult to maintain adequate profit margins, and the growth of the balance sheet total by 21.4 per cent, which was well above the growth of money in circulation, attested to its vitality and its geographic and sectoral diversification

While clients' deposits rose by almost 18 per cent to FFr90bn on January 3, with corporate and individual deposits improving equally strongly the FFr80bn in credits granted to customers represented a rise of little over 10 per cent, which was well below the rate for the previous three years. The main bright spot was the 55 per cent advanced in long- and medium-term export credits—these falling outside the credit guidelines.

The report also highlights the expansion of overseas activities, including the creation of the Korean-French Banking Corporation in Seoul; the opening of representative offices in Manila and Sydney; the establishment of a joint venture commercial bank in Egypt; the creation of a banking subsidiary in Nigeria; and the opening of branches in Amsterdam and Frankfurt and a representative office in Stockholm.

UBAF fundraising

BY MARY CAMPBELL

HON DES Banques Arabes et ançaises, the Paris-based con- tium bank linking Arab and ench shareholders, is planning ther injections of capital m shareholders of FFr 400m 7m) over the next two years. ject to shareholders' approval meeting scheduled for June It is to issue equity worth 100m in two equal tranches July and next January. July 1979, January 1980 and 1980 it plans to issue three nches, each of FFr 50m, of vertible bonds.

As with a two-tranche FFr 100m issue which UBAF made a few years ago (and for which conversion rights occur in 1981 and 1982), the new shares and bonds would be offered to shareholders pari passu with their existing holdings.

Five years after the issue of the convertibles, shareholders would have three options: the right to convert into shares, or to be reimbursed for the bonds, or to decide to hold the bonds for a further seven years.

UBAF's share capital currently stands at FFr 150m.

Kredietbank dividend

BRUSSELS, June 5.

KREDIETBANK is proposing to increase its dividend from BFr 265 to BFr 290 per old share for the year ended March 31 last, and to pay a dividend of BFr 145 per new share.

The Belgian bank announced today that its balance sheet total rose BFr 43bn, or 15.2 per cent, to BFr 326 bn. The bank said this growth was due mainly to the increase in working funds made available which totalled BFr 296.6bn or BFr 40.5bn more than a year ago.

Deposits and medium-term bonds account for BFr 219.7bn, or 12.4 per cent more than at the end of March 1977.

Total credits to the private sector increased 6.4 per cent to BFr 142.7bn, while those to the Belgian authorities rose almost 6 per cent to BFr 107.2bn.

Total gross income at BFr 12.9 bn ($395m) was BFr 973m, or 8.1 per cent above the previous year's figure. Depreciations were 8.2 per cent lower at BFr 751.8m.

Reuter

Turkey's 'big five' overcome depression

BY METIN MUNIR IN ISTANBUL

RKEY'S FIVE biggest private ks enjoyed an excellent year 1977 despite the general econo- depression.

The biggest of the five, Turkiye Bankasi, noted that its total osits had reached 55bn Tur- Lira ($2.2bn) 23 per cent her tan in the previous year, h household deposits growing 26 per cent to TL 30bn.

s Bank's total assets rose by per cent to TL 83bn and profits ore tax were up 20 per cent TL 631m.

kbank, owned by the power- Sabanci group, rose from d to second place in 1977, nging places with Yapi Kredi ikasi.

Akbank's total assets increased by about 50 per cent to TL 44bn and total deposits by 30 per cent to TL 31bn. Pre-tax profits were TL 381m, 8 per cent higher than in the previous year.

Yapi Kredi Bankasi recorded total deposits 15 per cent higher at TL30.9bn. Total assets rose by 32 per cent to TL41.7bn, and pre-tax profits amounted to TL311m.

Turk Ticaret Bankasi's 1977 deposits were TL12bn, 30.5 per cent higher than in the previous year. Its total assets grew by 51 per cent to reach TL17bn and pre-tax profit by 13 per cent to TL203m.

Garanti Bakasi, the smallest of the five, also recorded a high performance rate except in profits which, at TL6m was the same as 1976. The bank, which is dominated by the KoC group, Turkey's biggest private industrial concern, increased its total deposits by 23 per cent to TL6.9bn. Its highest growth rate was in corporate deposits which increased by 56 per cent to TL2bn.

Garanti's total assets at the end of 1977 were 26 per cent higher than the previous year at TL8.8bn

The interbank deposits of all five were lower in 1977 than 1976, while their liquidity grew by an average 50 per cent. The highest increase in liquidity was that of Garanti at 71 per cent.

The growth in the loans of the five was lower: just over 2 per cent for Is Bank and Garanti, 15 per cent for Yapi Kredi, 20 per cent for Akbank and 34 per cent for Turk Ticaret.

The high growth in deposits in 1977 is attributed to the increase in the number of banknotes in circulation. Similarly high growth is expected this year, due to the sharp increase in interest rates introduced by the Ecevit government to encourage savings. A number of new taxes, which have been introduced to lower the high rate of inflation, may also encourage growth in deposits.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

AIGHTS	Bid	Offer
o-Australia 8½pc 1989	96½	97½
y 8pc 1987	95¾	98¼
ralia 8½pc 1992	93¼	93¾
rallan M. & S. 9½pc '92	96½	97½
lays Bank 8½pc 1992	95½	96¼
der 9½pc 1992	97½	98¼
N. Railway 8½pc 1986	95½	96¼
it National 9½pc 1986	96½	97
nark 8½pc 1984	98½	99
9pc 1993	96¼	99¼
8½pc 1997	94½	95
8¾pc 1992	97⅞	98¼
9½pc 1989	98	99½
son 8½pc 1989	95½	96½
8pc 1986 Nov.	100¾	101
akes Paper 8½pc 1984	97½	98½
rsley 9½pc 1992	99½	100⅝
rd Quebec 9pc 1992	95	95½
8½pc 1987	96½	97½
Canada 9½pc 1986	103½	104½
millan Bloedel 9pc 1992	94½	96¼
ley Ferguson 9½pc '91	97½	98½
elin 9½pc 1988	100⅝	101½
and Int. Fin. 8½pc '93	95½	96
nal Coal Bd. 8pc 1987	94½	95
nal Wstmnstr. 9pc '86	99½	100
oundland 9pc 1989	98½	99
ic Inv. Bank 8½pc 1988	97	97½
es Kom. Bk. 8½pc 1992	96	96⅝
pe 8½pc 1989	96	96½

	Bid	Offer
Norsk Hydro 8½pc 1992	95½	96½
Oslo 9pc 1988	99	99½
Ports Autonomes 9pc 1991	99	98½
Prov. Quebec 9pc 1995	93½	94½
Prov. Saskatchwn. 8½pc '86	98	98½
Reed International 9pc 1987	93	95
RHM 9pc 1992	93	93½
Selection Trust 8½pc 1989	90½	91½
Skand. Enskilda 9pc 1991	97½	98
SKF 8pc 1987	92½	93½
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7½pc 1984	94	94½
Bell Canada 7¾pc 1987	95	95½
Br. Columbia Hyd. 7½pc '85	93	93½
Can. Pac. 8½pc 1984	97½	98
Dow Chemical 8pc 1986	99½	99
ECS 7¾pc 1983	95½	96
ECS 8½pc 1989	94½	95½
EEC 7½pc 1983	95½	96
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8½pc 1984	96½	97½

	Bid	Offer
Gotaverken 7½pc 1982	96	96½
Kockums 8pc 1983	97	97½
Michelin 8½pc 1983	99	99½
Montreal Urban 8½pc 1981	99½	100
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	99½	100
New Zealand 8½pc 1986	96½	97
Nordic Inv. Bk. 7½pc 1984	94½	95½
Norsk Hydro 7½pc 1982	96	96½
Norway 7½pc 1982	94½	95½
Ontario Hydro 8pc 1987	94	94½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	98½	99½
Sweden (K'dom) 7½pc 1982	95½	96
Swedish State Co. 7½pc '82	96	96½
Telmex 9½pc 1984	98½	99½
Tenneco 7½pc 1987 May	92½	93½
Volkswagen 7½pc 1987	93½	94½
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	89½	90½
Courtaulds 9½pc 1989	87½	88½
ECS 9½pc 1989	93½	94½
EIB 9½pc 1988	93½	94½

	Bid	Offer
EIB 9½pc 1992	92½	93½
Finance for Ind. 9½pc 1987	89	90
Finance for Ind. 10pc 1989	90½	91½
Fisons 10½pc 1987	93½	94½
Gestetner 11pc 1988	91½	92½
INA 10pc 1988	89	90
Rowntree 10½pc 1988	87½	88½
Sears 10½pc 1988	88½	89½
Total Oil 9½pc 1984	90½	91½
DM BONDS		
Asian Dev. Bank 5½pc 1988	96½	97½
BNDE 6½pc 1986	96½	97½
Canada 4½pc 1983	98	98½
Den Norske Id. Bk. 6pc '90	99	99½
Deutsche Bank 4½pc 1983	98	98½
ECS 5½pc 1990	95½	96½
EIB 5½pc 1990	95½	96½
Elf Aquitaine 5½pc 1988	95½	96
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	98	98½
Forsmarks 5½pc 1990	98	98½
Mexico 6pc 1985	95½	96½
Norcem 5½pc 1989	100	100½
Norway 4½pc 1983	98½	99½
Norway 4½pc 1983	96½	97½
PK Banken 5½pc 1988	95	95½
Prov. Quebec 6pc 1990	97	97½
Rautaruukki 5½pc 1986	95½	96½
Spain 6pc 1988	95½	96½
Trondheim 5½pc 1988	97½	98
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	97½	99
World Bank 5½pc 1990	97½	98
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99½	100½
BFCE 1984 8½pc	99½	100
BNP 1983 8 1/16pc	100½	100½
BQE Worms 1985	99	99½
CCF 1985 8½pc	99½	99½
CGMF 1984 7½pc	99½	100½
Creditanstalt 1984 8½pc	99½	100
DG Bank 1982 7 15/16pc	100½	100½
GZB 1981 8 1/16pc	100½	101
Intl. Westminster 1984 8pc	99½	99½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1987 8 9/16pc	99½	100
Nat. Westminster Bk. 1990	99	99½
OKB 1983 7½pc	99½	100½
SNCF 1985 8½pc	99½	99½
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyn's '84 8 1/16pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	87½	89
Ashland 5pc 1988	93	94½
Babcock & Wilcox 6½pc '97	103	104
Beatrice Foods 4½pc 1992	97½	99
Beatrice Foods 4½pc 1992	107½	108½
Beecham 6½pc 1992	96	97
Borden 5pc 1992	101½	103
Broadway Hale 4½pc 1987	78	79½
Carnation 4pc 1987	76½	78
Chevron 5pc 1988	133½	135
Dart 4½pc 1987	81	82½
Eastman Kodak 4½pc 1988	85	86½
Economic Labs 4½pc 1987	77½	79
Firestone 5pc 1988	83	84½
Ford 5pc 1988	87½	89
General Electric 4½pc 1987	83	84½
Gillette 4½pc 1987	76½	78
Gould 5pc 1987	114	115½
Gulf and Western 5pc 1988	87	88½
Harris 5pc 1992	180	182
Honeywell 6pc 1986	87½	89
ICI 6¾pc 1992	89½	90½
INA 6pc 1997	94½	96
Inchcape 6¾pc 1992	114½	117½
ITT 4½pc 1987	81	82½
Jusco 6pc 1992	113½	114½
Komatsu 7½pc 1990	119½	120½
J. Ray McDermott 4½pc '87	190½	192½
Matsushita 6½pc 1990	165½	168½
Mitsui 7½pc 1990	119	120
J. P. Morgan 4½pc 1987	99½	101

Source: Kidder, Peabody Securities.

State aid for Svenska Varv and Kockums

By William Dullforce

STOCKHOLM, June 5.

THE Swedish parliament has approved a grant of Kr 2bn ($435m) to cover the losses of Svenska Varv, the state shipbuilding group, and a Kr 340m loan to Kockums, the last privately-owned Swedish company operating a major shipyard.

In addition Svenska Varv will benefit from extra state credit guarantees of up to Kr 600m and so-called "depreciation loans" of Kr 175m for owners placing orders with its yards. The "depreciation loans" are in effect direct state subsidies and are not repayable. Parliament also approved the spending of a further Kr 250m to develop "alternative production" at the yards.

These measures are intended to tide the yards over until the autumn. Parliament will then consider a new bill on the future of the shipbuilding industry, which the Minister of Industry, Mr. Nils Aasling, is expected to publish at the end of June.

Mr. Aasling said on Saturday that he was still convinced that one or two more Swedish yards would have to be closed, but, in contrast with his earlier pronouncements, he stressed the possibility that the yards could develop new heavy engineering products.

Svenska Varv has blueprints for floating petrochemical and gas liquefaction plants, while Mr. Nils-Hugo Hallenborg, the newly appointed executive chairman of Kockums, said at the weekend that before the 1990s his company's yard would be producing mainly other products than ships. Kockums is developing new large-scale agricultural techniques, including one for the treatment of straw, and a new smelting process for steel production.

Mr. Hallenborg's optimism about the potential of these and other techniques is understood to have been one factor in inducing Kockums annual general meeting to accept the 1977 accounts last week, although the auditors had declined to approve them.

PLM raises forecast

PLM, the Swedish metal can, packaging and waste treatment concern, reports a fall in pre-tax earnings during the first four months, but is raising its sales and profits forecast for the year as a whole. The four-month interim report shows pre-tax earnings of only Kr 0.5m ($109,000) against Kr 6.4m, on a turnover of Kr 637m ($138m), writes William Dullforce from Stockholm.

Extraordinary income boosts the pre-tax figure to Kr 4.2m

BOUSSAC TEXTILES

The race for solvency

BY DAVID CURRY IN PARIS

MARCEL BOUSSAC won again yesterday when his colt Acamas romped home in the Prix du Jockey-Club. It is the 12th time M. Boussac has won the race and Acamas' victory brought his owner FFr 900,000 and put a stud-price of more than FFr 20m on himself.

Winning horseraces is, however, about the only part of Marcel Boussac's life which still retains its old glory. And the value of his horses is only a drop in the ocean compared with the FFr 107m losses registered by his textile master group Comptoir de l'Industrie de France (CITF) last year or the FFr 266m of medium and long term and FFr 571m of short-term debts which appeared in the final balance sheet before the concern's affairs were placed in the hands of the Paris commercial court.

A little of the dust has settled since the court last week put 21 Boussac group companies under its direct control. Both the Government and M. Boussac himself have outlined briefly what may happen next.

The Industry Minister, Mr. Andre Giraud, has emphasised that it is not intended to dismantle the group and that its activities will continue while it is under court control. He has listed the following tasks for the group's administrators:

- Examine the books of all the companies to see what the precise financial situation is. To this purpose some 15 accountants have been at work for almost three weeks.
- Find out exactly what M. Boussac himself has in mind when he speaks of being ready to "agree to make new sacrifices" to save the group and to install a management team "enjoying the confidence of the Government and, dare I say it, of the shareholders (i.e. himself)."
- Make preliminary soundings among companies who might be willing to take over parts of the Boussac group if the group as a whole cannot be revived.
- Probably prepare a revised list of redundancies, with the Government doing its best to steer alternative work to the Vosges valleys which depend on textiles.

The key to all this is still, to a large extent, the 89-year-old M. Boussac himself. It was his letter offering to make "new sacrifices" and instal a new management which apparently led the court to cancel the previous decision of a few days earlier to allow the group a three-month grace period from creditors' claims and bring it directly under its own control.

Candidates for sale to help the Boussac empire raise funds to lighten its debt burden include the newspaper group L'Aurore, the Dior fashion business and a stud farm.

The two main targets for speculation as to how M. Boussac could raise money are his newspaper group L'Aurore and Paris-Turf and his Dior fashion and cosmetics business.

Journalists at L'Aurore have been told that the newspaper is for sale but there is a lot of politicking about who should buy it. The Elysee Palace is apparently determined that it should not go to anyone with Gaullist connections (ruling out the 90-year-old M. Marcel Dassault who already has Jours de France and would love a daily). Purchasers as various as Sir James Goldsmith (who now controls the pro-Giscard weekly L'Express), M. Raymond Bourgine of the bourse-orientated Valeurs Actuelles, the Empain-Schneider group, the Dietrich group, and M. Robert Hersant, the owner of Le Figaro, who was a defeated Gaullist candidate in the constituency of Neuilly at the last elections, have been mentioned.

The election result, more cynical observers point out, did M. Boussac a poor turn: had the Left won there would have been much more urgency among the capitalist classes to buy a right-wing newspaper to reinforce the combat against the Government. With M. Barre safely back, the Left no longer has an army in the field.

The other candidate is the Dior business: when its chairman M. Jacques Rouet went to New York in the midst of the Boussac crisis it was assumed that he was going to seek buyers for the company. He has since said he was only reassuring clients that Dior was not involved in the problems of the group.

Finally, there is still the Boussac stud farm Les Haras de Jardy for which M. Boussac now seems ready to settle for about FFr 80m. Its sale has been under discussion for more than a year.

While realising these assets would come nowhere near wiping out the group debt, it would clear the way for the Government to make new finance available (provided, of course, it approved of the new management team) while an agreement with the creditors on debt repayment would also make new commercial credits available. Even so, the group is unlikely to escape without being substantially slimmed down.

Boussac is only one of a crowd of textile concerns in trouble: no fewer than six textile groups went into bankruptcy last week, directly threatening some 3,000 jobs not counting sub-contractors.

Volker-HVA link planned

BY CHARLES BATCHELOR

AMSTERDAM, June 5.

ROYAL Adriaan Volker, the construction and dredging company, and HVA, a group with consultancy and agro-industrial operations, have begun studying the possible integration of some activities. The study will in particular look at HVA's activities in the areas of consultancy, management, engineering and contracting in the agro-industrial sector, the two firms said in a joint statement released today.

The study is expected to take several months. HVA's Fls100 nominal shares were suspended before the start of trading today on the Amterdam Stock Exchange at Fls41.50.

Volker is a group with extensive dredging, hydraulic engineering, pipeline and construction interests. Foreign contracts accounted for 71 per cent of its Fls1bn ($445m) turnover in 1977. It was first listed on the Amsterdam Stock Exchange in April although the company said today it had been looking for opportunities to expand for some time. It forecasts that it would at least maintain profits in 1978 after a 22 per cent increase last year to Fls40.1m ($17.9m). It has an order book of Fls1.5bn.

HVA is a company with interests in plantations, consultancy, trading, chemical and agro-industrial projects. It is still readjusting to the nationalisation of its extensive operations in Ethiopia three years ago. Recent fighting has delayed even further prospects of compensation and it recently reported making no profits in the first months of this year. Profit fell to Fls800,000 ($356,000) from Fls2.2m while sales were also lower at Fls591m ($263m) in 1977, against Fls609m in 1976.

"HVA has a lot of experience we could use," Volker said.

Unilever plans capacity rise

By Our Own Correspondent

AMSTERDAM, June 5.

UNILEVER will soon begin expansion of its capacity for fractionating vegetable oils in Holland. Construction of a new Fl 45m ($20m) production division at its Croklaan subsidiary in Wormerveer, north of Amsterdam, will start shortly. Building work will take about two years.

This will considerably broaden the basis for future development of the company's activities upgrading oils and fats for the food industry. In the short term, the enlarged capacity is needed to supply the company's 80 or so export markets but in the longer term, Unilever aims to be able to supply the potentially larger market in Europe following the possible harmonisation of EEC chocolate legislation. Croklaan specialises in the production of cocoa butter substitutes.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AUSTRALIAN FUND RAISING

More states are looking overseas

BY JAMES FORTH IN SYDNEY

Western Australia, as reported in the Financial Times yesterday, is seeking international finance. Other Australian states are planning similar moves: James Forth explains

QUEENSLAND'S Treasurer, and and Deputy Premier, Mr. Bill Knox left Australia at the weekend, bound for the major financial centres, Tokyo, New York and London. His mission is to place the state of Queensland on the international lending lists. Queensland aims to raise at least A$1bn over the next 20 years.

Knox carries with him a 16-page prospectus outlining the advantages of lending to Queensland.

His tour is similar to those being made by other Australian states. The Premier of New South Wales, Mr. Neville Wran recently returned from an overseas trip where he canvassed the prospects of raising at least A$800m for State projects, including a new coal loader, upgraded rail facilities and power station developments.

The Premier of Western Australia, Sir Charles Court is currently in London, sounding out the prospects of raising at least A$1bn by 1990, as reported in the Financial Times yesterday.

Victoria and South Australia are also looking at overseas markets to borrow large amounts of funds.

It is all part of a fundamental reshaping of the capital raising arrangements between the Federal Government and the states. Since 1929, when a body known as the Loan Council was formed, the right to arrange public sector borrowings overseas has remained solely with the Federal Government. The Loan Council also decides each year the local borrowing programmes of the states, through their various state authorities. The states have become increasingly restive in recent years as the capital costs of new developments, such as power stations, and rail and road facilities, have risen dramatically, but because of budgetary limitations the Loan Council borrowing allocations are far too small to accommodate the state demands.

Moreover, in several states where large scale natural resources ventures have occurred in remote thinly populated areas, the mining companies involved have had to pay for many normal government services, such as water supplies, roads, railways, housing, and so on. The capital escalation has been greatest in these services and many large ventures still on the drawing board are jeopardised because they can no longer afford to cover these infrastructure costs. The states, anxious for development, have now conceded they will have to pay for some of the infrastructure.

The states have been pressing for at least 12 months for changes in the Loan Council system. Canberra began to take notice when the states began to find ways around the system. The Victorian Government's state power utility, the State Electricity Commission (SEC) started started entering into extended credit terms from suppliers through the issue of promissory notes for the Loy Yang power scheme, which cost A$400m to A$500m in the first stage and A$1.5bn to A$2bn by the time it is completed.

The SEC, backed by the State Government, maintained that this form of financing was not a borrowing as such and therefore Loan Council approval was not needed. Western Australia began looking at an alternative scheme, similar to leverage leasing, and which if implemented would enable its state utilities, which do not pay taxes to pass on depreciation and investment allowances to tax-paying lenders, thus reducing the flow of company tax revenue to Canberra.

In May, the Prime Minister, Mr. Fraser, announced that borrowing restrictions would be eased on semi-government and statutory authorities.

Borrowing proposals would still need to be put before the Loan Council for approval. A problem arose over the voting rules which Mr. Fraser described as "requiring a simple majority, including the Commonwealth."

This was his way of stating that the Commonwealth wanted the right of veto over any approaches overseas by state instrumentalities.

This differed from normal Loan Council voting, where although the Commonwealth has greater voting powers, it can still be over-ruled if the States combined against it. The states, anxious to start seeking development funds abroad, finally agreed to the Commonwealth veto, provided this arrangement was reviewed in three years' time.

The states are now talking ambitiously of the sums they will raise.

WA's Court is confidently talking of raising A$100m. next year, rising to A$500m. by 1990. The more immediate projects include a A$400m. natural gas pipeline from the North West Shelf gas fields to Perth, A$150m for a power grid for the Pilbara iron ore region, a A$50m water scheme to supply ports in the northern part of the state and A$40m to A$60m for infrastructure for the Alwest bauxite and alumina project. Queensland wants A$1bn over 20 years for improved port facilities, water supply and sewerage programmes, irrigation and electrification of country railways.

NSW wants up to A$1bn, largely for its new coal loader, power and railway works. South Australia is talking of raising up to A$200m to provide the infrastructure of a petrochemical project at Redcliffs, based on the liquids in the Cooper Basin natural gas fields, while Victoria required large sums for its power schemes.

The states' overseas sorties at this stage, including the current trip by Mr. Knox, are largely exploratory, because the rules which will govern the borrowings, and more importantly, the amounts they can seek have not yet been decided.

If the treasury has its way the states will still find themselves in a relatively tight straitjacket, with a maximum borrowing ceiling for the combined states of about A$300m. The Treasury is concerned about the Federal Government's ability to control the money supply and to manage domestic monetary policy so as to contain inflation if the borrowing curbs on the states are unduly relaxed.

The Federal Government wishes intending borrowers to join a queue, and wait their turn to borrow rather than have several state instrumentalities, and perhaps the Commonwealth itself, actively borrowing on the overseas capital market at the same time. It also wants any borrowings to be for long periods, 10 to 20 years, at fixed rates, and proposes a "severe embargo" on the negotiability of securities issued by the authorities, which would tend to concentrate attention on the U.S. domestic market.

Supplier credit arrangements would generally be allowed but there would be restrictions on buyer credit deals. It is also proposed that credit arrangements should relate to capital equipment only where the net effects leads to no increase in the money supply. Export credit would be applied to capital equipment only where it is certain that it does not relate to services to construction in Australia. The question of guarantees is also yet to be settled. At present borrowings by the utilities carry a state government guarantee.

It is expected that these matters will be thrashed out at a meeting of the state premiers with the Prime Minister, on June 22 and 23, on Mr. Fraser's return from his current overseas trip.

Loss at Sasebo HI as debts deferred

By Our Financial Staff

SASEBO Heavy Industries, the Japanese shipbuilder, made an after-tax loss of Y1.17bn. ($5.3m.) for the year to March 31, compared with a profit of Y570m. in the previous year. The company also announced that, in the latest in a series of moves, its creditors—mainly Japanese trading houses—had agreed to defer repayment of some Y2bn. ($9m.) of Sasebo's trade bills which fell due yesterday.

Meanwhile, another troubled Japanese shipbuilder, Hakodate Dock Company, made an after-tax loss of Y13.75bn. ($62m.) for the year to March 31, compared with a deficit of Y298m. in the previous year. The company's sales fell to Y38.99bn ($176m), from Y54.48bn. It is again paying no dividend.

Sasebo reported a slight increase in sales, to Y79.45bn. ($358m), from Y79.07bn. The dividend is Y1.5, against Y5 the previous year.

The company said that it could not make a forecast for the current financial year because much depended on the results of its rationalisation programme. It is thought, however, that turnover this year may fall to around Y50bn, some 60 per cent. below the 1975 peak.

Orders received last year fell 37 per cent. from the preceding year to Y35.6bn, most of which were for products other than ships.

The backlog of shipbuilding orders would run out by the end of next month, it added.

Sasebo is reducing its workforce by 1,600 to 5,000 under a three-year reconstruction programme, proposed by the Transport Ministry. It last month declared debts totalling Y120bn.

The Japanese Government, along with the company's management, shareholders and creditors, is continuing efforts to salvage Sasebo.

Last week, the company obtained a special loan of Y500m from a Japanese banking consortium, including Dai-Ichi Kangyo Bank, for its end-month settlements.

Sanko Steamship

Sanko Steamship Company net profit in the year to March 31 fell 95.7 per cent. to Y168m ($757,000), from Y3.89bn a year earlier, AP-DJ reports from Tokyo.

Revenues decreased 6.8 per cent. to Y314.82bn ($1.4bn), from Y337.66bn.

Securities operations help Japanese banking profits

BY YOKO SHIBATA

TOKYO, June

DESPITE negative margins on procured funds at 10 out of the 13 Japanese City banks in the latest six-month accounting period, to March, combined current profits of the banks gained 6.8 per cent. over the previous, September 1977, term. Improvements in profits were attributed to the bank's sharp gains on securities, which rose to Y115.4bn ($520m) from Y67.7bn previously.

Operating revenues aggregated Y2.99 trillion (million million), down 3.2 per cent from the September term, as a result of the sluggish lending pattern. Margins were squeezed by a series of cuts in official discount rates. Fuji, Sumitomo and Saitama Bank showed barely positive margins on their procured funds.

However, the banks put in hand various rationalisation measures such as cutting jobs. Current expenses at the 13 fell by Y116.2bn, as a result of reduced interest on call loans and lower operating costs.

During the six months, net sales of securities by the city banks totalled Y1.25 trillion, against Y1.17 trillion previously. According to banking sources, City banks sold a large amount of securities in order to underwrite a sharp increase in national and local bonds.

The sales of securities were also linked with the bad debts which the banks had to write off. Combined bad debts at the 13 totalled Y103.7bn, compared with Y218bn in the September term (including that of Ataka and Co.). Of the Y103.7bn, direct write-offs accounted for Y14.7bn, and the indirect variety (banks' appropriated funds for writing off bad debts in their special reserve) for Y89bn, which increased sharply, from Y23.3bn in the previous six months.

Both Sumitomo and Kyowa Bank wrote off bad debts related to Ataka in last September's term, but they also approp[riated] Y36bn and Y12bn respec[tively] from their special reserve [for] writing off subsidiary bad [debts] related to Ataka in [the] half-year. Following the [...] of Eidai last February, [...] banks (Fuji, Bank of [...] Dai-Ichi Kangyo and [...] Bank) wrote off Y21.2bn.

Bad loans apart, the [...] moratoria on interest pay[ments] for so-called "structural [depres]sion" hit industries, also [...] bank earnings. Recent [...] measures involving the she[lving] of interest payments for Fu[...] Industries and Fujisash sa[...] Daiwa Bank (Y780m), Hakodate Dock by Fuji [...] (Y400m) and Hokkaido [Taku]shoku Bank (Y300m) affe[ct] profit outlook of these ban[ks in] the September term.

Combined net profits o[f the] 13 banks increased by 2[...] cent. over the previous [six] months.

Wearne ahead at halfway

BY H. F. LEE

SINAPORE, June 5.

WEARNE BROTHERS, a leading motor trader in Singapore and Malaysia, has reported a 16 per cent increase in group pre-tax profit to S$15.44m ($US$6.6m) for the half-year to March.

Although this is substantially a slower rate of growth than the record 82 per cent achieved in the previous first half-year, the increase, aparpently, is broadly in line with the group's expectations.

The group chairman, Tan Chin Tuan, in his last annual report warned shareholders against expecting the previous performance to be maintained.

Post-tax profit was 15 per cent higher, at S$7.99m ($US$3.4m), while group turnover rose by 14 per cent to S$161.6m (US$69m).

Wearne has decided to raise its interim gross dividend by 50 per cent to 5 per cent. The previous year's interim dividend was 3.3 per cent after adjusting for the one-for-two scrip issue last year.

Touching on the motor vehicle market, Wearne expressed concern over its Singapore sales. The increase in additional registration fees on new passenger cars introduced in February this year, it said, might retard sales in Singapore.

In Malaysia, however, Wearne said, the market for vehicles remained buoyant, and sales are expected to be maintained at current levels.

CCM reverses two-year slide

BY WONG SULONG

KUALA LUMPUR, June 5.

Chemical Company of Malaysia (CCM), an associate of ICI International, has succeeded in reversing its slide in profits of the past two years and has reported a modest 7.3 per cent increase in pre-tax profit to 8.8m Ringgits (US$3.7m) for the first-half, to March 1978.

Despite strong competition in the Malaysian market arising from the heavy imports of fertilisers, CCM's sales during the period rose by 15 per cent.

* * *

Pegi Malaysia Berhad, the electrical and marine engineering holding company, increased its pre-tax profits for last year by 11 per cent to 3.07m Ringgits (US$1.3m) and is increasing its dividend from 20 to 30 per cent. Worg Sulong writes from Kuala Lumpur. In addition, it is giving a one-for-five scrip issue which is made out from 1.24m Ringgits from its capital reserves and share premium account. The new scrip, however, will not be eligible for the dividend declared.

Africans look at credit and crop insuranc[e]

By John Worrall

NAIROBI, June

A MAJOR problem for [insur]ance companies in Africa [is] their "image," the Sixth Af[rican] Insurance Conference being [held] in Nairobi was told today b[y] Simon Ngwiri, managing dir[ector] of the Kenya National Assu[rance] company.

"Only too often does one [hear] that insurance companies [are] only too happy to re[ceive] premiums but most relucta[nt to] settle claims," said Mr. Ng[wiri]. "I do not wish to say th[is is] true, but to a lesser extent [it] could be a fair allegation."

Educating Africans on i[nsur]ance is likely to be discuss[ed at] length. Opening the confer[ence] today the Kenya Fi[nance] Minister, Mr. Mwai Ki[baki], touching on this, called [on] delegates to devote time to [deal] with such problems as how to advise the rural people i[n the] field of crop insurance.

On this question Mr. Ng[wiri] said already African far[mers] were making inquiries a[bout] crop insurance.

Mr. Ngwiri said very few [com]panies undertook credit i[nsur]ance, "but African financia[l in]stitutions keep on remindin[g us] to do something about this [but] so far nothing has happened

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FARMING AND RAW MATERIALS

Locusts threaten E. Africa

By Our Own Correspondent

THE ENTIRE Desert Locust Control Organisation of Eastern Africa (DLCOEA) has gone into action to stem what is feared to be a massive locust plague sweeping through Eastern Africa. Four aircraft with spraying equipment have been sent to Ethiopia and Somalia from the DLCOEA aircraft base in Nairobi.

Ethiopian radio reports that swarms of desert locusts, which invaded the Horn of Africa last month, are ravaging crops in the Gondar region. Locusts are also invading Somalia and have been reported (though not yet confirmed) in the Garissa region of Kenya's Northern province.

To-day, a team of Ministry of Agriculture experts went to Garissa to confirm the presence of desert locusts and estimate the size of the swarms and the direction in which they are moving.

Six African nations, Ethiopia, Somalia, Kenya, the Sudan, Djibouti and Tanzania are co-operating in operations to stop the swarms becoming a plague. DLCOEA officials in Addis Ababa, the headquarters, say the swarms are larger than they have been in a decade. The UN Food and Agriculture Organisation is sending in large quantities of insecticide to the affected regions.

Copper market setback on Zaire report

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell sharply on the London Metal Exchange yesterday following reports that production had already been resumed at the Kolwezi mines in Zaire. Cash wirebars dropped by £22 to close at £756.5 a tonne.

The market was shaken by a report from the official morning newspaper in Kinshasa that copper production at the Kolwezi open cast mines had re-started last Thursday and already reached 13,000 tonnes of ore a day—exceeding the 10,000 tonnes daily produced before the invasion of the Shaba province.

The newspaper added that underground mines at Kolwezi, accounting for the remaining 25 per cent of total output, had been pumped out and would resume operations within three weeks.

It was also reported that the Kolwezi concentrator was working normally with 11,000 tonnes of ore and 2,000 tonnes of concentrate passing through daily.

Later a spokesman for Sozacom, the Zaire metals trading company, told Reuter that the cutback in copper deliveries from July would not exceed the 50 per cent force majeure already declared. He confirmed that production had resumed at Kolwezi but was unable to say at what rate.

In France, there was some scepticism about the Kolwezi production reports, particularly the position regarding the likelihood of white technicians returning to work.

But the planned American airlift of Moroccan troops to Shaba has raised hopes of a quicker than expected resumption of production at Kolwezi, even though some London traders are also sceptical about future prospects.

It was felt that yesterday's reaction was partly technical after the recent sharp price rise which had "overheated" the market. In these circumstances a bigger than expected decline in copper stocks—down by 4,225 tonnes to a total of 529,600 tonnes—had little impact.

Zinc prices recovered some earlier losses following news that a leading U.S. producer, St. Joe Minerals, had raised its domestic selling price for zinc by 2 cents to 31 cents a pound. The company said the increase reflected improving demand, a strengthening international market and rising costs. Other U.S. producers are expected to follow St. Joe's lead in view of the stronger European market, which is lessening competition from imports.

The price increase comes quickly after the rejection by the U.S. International Trade Commission of pleas by the domestic industry for protection against imports.

U.S. zinc prices were lowered in February this year.

Tin prices moved higher, reflecting a strong rise in Penang over the weekend and scarcity of supplies available to the London market. The latest fall in warehouse stocks of 300 tonnes has reduced total holdings to 1,815 tonnes—the lowest level since September 1974.

Standard grade cash tin closed £72.5 higher at £6,767.5 a tonne, after trading at over £6,800 earlier in the day, while the three months quotation was £35 up at £6,617.5.

Lead was hit by profit-taking sales, and the decline in copper. The cash price closed £7 down at £322.5 a tonne.

Lead stocks fell by 150 to 56,975 tonnes, zinc by 100 to 63,825 tonnes, and LME silver holdings by 160,000 to 17,650,000 ounces.

Coffee upsurge continues

By Richard Mooney

COFFEE PRICES on the London futures market continued to surge higher yesterday as a new cold front threatened the Brazilian coffee regions. September coffee finished the day at £1,932.5 a tonne, £113.5 above Friday's close and the highest level since last autumn.

Fears had eased over the weekend as temperatures rose in the coffee-growing areas but as world markets opened yesterday morning reports of a new cold wave moving in across the Andes sent prices even higher. Dealers said cold waves from the Andes were more likely to do serious damage than waves moving north from Argentina, as did the front which caused last week's scare.

The world markets reacted dramatically and trading on the London exchange became so hectic that a 15-minute trading break had to be called to allow dealers to catch up on their paperwork. In New York, meantime, prices quickly registered permissible limit rises.

Last Thursday's frost did minor damage to coffee trees in Parana, Brazil's main coffee state, according to trade reports from Santos. Early reports had said that no actual damage had been done. The tips of some trees were "burned" by the frost but traders said this would not affect this year's crop, which is estimated at about 17m bags (60 kilos each).

INTERNATIONAL WHEAT AGREEMENT

A sceptic attacks as talks re-open

BY CHRISTOPHER PARKES

AS TALKS re-opened in London yesterday in a fresh effort to resolve the considerable differences of opinion over the form of a new International Wheat Agreement, the Trade Policy Research Centre published a highly sceptical report pouring cold water on the whole idea.

Writing in the economic quarterly, The World Economy, Prof. D. Gale Johnson of the University of Chicago says bluntly: "I do not believe that it will be possible to negotiate a set of rules for the management of grain reserves under international auspices."

Prof. Johnson says that to succeed an international pact would first need agreement on a range of international prices; agreement on the sharing-out of the costs of running the operation; and agreement on how much grain should be put in store and held in reserve. The issue of ownership of the stocks would also have to be resolved.

"Even if an agreement can be reached on these issues," he adds, "there is nothing in past history to indicate that the terms would be adhered to for a significant period of time."

Most discussions about international grain stockpiles ignored the extent to which such stocks were substituted for those which would have been held in any case, regardless of any international agreements.

So if a group of countries agreed to establish a stock of, say, 50m tonnes, the actual increase in the world's grain reserves would be only a fraction of this, Prof. Johnson claims.

"American and Canadian experience indicates that governmentally-held reserves replace most privately-held stocks."

The main difficulties facing the negotiators at the talks in London this week are largely concerned with the conflicts between the U.S. and the European Community over the place, if any, of coarse grains in a new pact, and the fixing of minimum and maximum prices.

Delegates are also confronted by stumbling blocks highlighted by Prof. Johnson—the rights and obligations of the providers and holders of any "international" stocks.

These problems prevented progress at the last full negotiating session on the pact which closed in Geneva last March. Since then the U.S. and the Common Market have held bilateral talks at which, it was claimed, outline agreement had been reached between the two parties on how to handle coarse grains in the context of a wheat agreement.

But the views of the 60-odd other countries involved in the overall negotiations, which are due to restart in September, also have to be considered.

"If trade policies for grains were modified so that in all or most countries domestic grain prices varied proportionately with international prices, there would be little need for grain reserves," Prof. Johnson points out. And it is not necessary that governments should accept free trade in grain to achieve substantial price stability in international markets.

But he warns that no one should be under any illusions about the potential influence on the market of grain reserves alone. Stocks, whether of 30m or 60m tonnes, could not by themselves prevent an escalation of prices such as occurred between 1972 and 1974.

"If properly managed, reserves of this size could increase price stability. But reserves of much larger size are required to offset the price destabilising effects of both production variability and national price and trade policies," Prof. Johnson concludes.

● Conrad Leslie, the renowned crop forecaster, has raised his forecast of wheat production in the U.S. this year. His June 1 estimate puts winter wheat output at 1.315bn bushels compared with his May 1 forecast of 1.305bn and the U.S. Department of Agriculture's forecast of 1.284bn bushels.

Wheat production last season was 1.527bn bushels.

Call for EEC sugar 'logic'

BY HILARY BARNES

COPENHAGEN, June 5.

THE EEC problem of sugar imported from the Lomé Convention countries should be solved between the Lomé countries, which as a group have a sugar deficit, M. Henri Cayre, of France, president of the EEC beet-growers, said at the European beet-growers' annual conference here today.

The EEC has no need for sugar from the Lomé Convention countries, and, when the convention is revised in 1982, the EEC should provide guarantees for the export of sugar from the Lomé sugar-surplus countries to other Lomé countries which need to import sugar, he told a Press conference.

M. Cayre said it was not a question of expelling Lomé sugar—which comes mainly from the Commonwealth countries—but of introducing some logic into the system and separating aid policy from EEC agricultural policy.

On another controversial question, M. Cayre said that isoglucose, the syrup sugar produced from maize starch, was an economic absurdity for Europe, a squatter which, like all squatters, fails to pay its keep.

In a speech to the federation tomorrow, which will form the basis of the beet-growers' policy for coming years, he is expected to call for a straight ban on isoglucose sugar in Europe.

In St George's, Grenada, meanwhile, an early resumption of negotiations to fix the EEC 1978-79 price for cane sugar produced by countries in the Africa-Caribbean-Pacific (ACP) group was urged, reports Reuter.

The latest round of sugar price talks ended in Brussels last week with consuming West European states offering a 2 per cent increase to the ACP producers.

The ACP wants an increase to 29.71 units of account per hundred kilos while the EEC is offering 27.81.

French seek ban on EEC pigmeat imports

BY MARGARET VAN HATTEM

BRUSSELS, June 5.

FRANCE HAS asked the European Commission to ban imports of pigmeat into the EEC from non-Community countries to protect Common Market producers hit by depressed market prices.

The French have also asked for a reintroduction of subsidies for pigmeat held off the market in private cold stores and want export rebates raised back to last year's levels.

The Commission is expected to reply tomorrow but is considered unlikely to approve all the French demands.

Market prices in the EEC overall currently average about 90 per cent of the basic price and have been near this level for some time. French prices are above the Community average in units-of-account terms, comparing favourably from the producers' point of view with Dutch and German. British prices, in units of account, at least, are the highest in the Community.

Though the French had been agitating for several months for more protection for their pig producers, the Commission is expected to argue that the growth in Community pig herds indicates that production is still sufficiently profitable for farmers to survive without further protectionist measures.

Any import ban would be likely to hit East Germany most of all. Its exports to France have risen sharply in past months. Exports to the Community in the first three months of this year totalled 20,000 tonnes, of which 16,000 tonnes went to France, compared with 28,000 tonnes for the whole of last year when 24,500 tonnes went to France.

Our Commodities staff writes: appealing for action from the Commission, M. Pierre Mehaignerie, French Minister of Agriculture, said that without protection "the agricultural economy in many regions of France will be dangerously and lastingly compromised, which the French Government will not be able to tolerate."

Sri Lanka granted tea industry loan

COLOMBO, June 5.

THE WORLD BANK has agreed to give Sri Lanka a $21m soft loan to aid its tea industry, a Plantation Industry Ministry spokesman said, reports Reuter.

This year's target for tea production is set at a record 597m lb, sharply up from the 460m lb produced last year, and slightly above the record 503m lb produced in 1965, the Ministry said.

The loan will fund a tea project in Maskeliya covering 44,460 acres, and to be phased over five years.

● At to-day's London tea auction, prices were little changed from the last sale on May 22. Quality tea fetched 140p a kilo (against 138p), medium 125p (127p) and plain 82p (unchanged).

Outlook for wool 'unpromising'

THE OUTLOOK for wool demand for the rest of 1978 remains unpromising according to Mr. M. J. Godfrey, statistics secretary of the International Wool Textile Organisation, reports Reuter.

In a speech prepared for delivery to the Organisation's conference in Munich this week, Mr. Godfrey said it seemed unlikely that the earlier round of stimulatory measures taken by leading industrialised countries were strong enough to boost real export growth rates sufficiently.

Judging from the timing and extent of past downswings, he said the prospects were that wool consumption would "bottom out" by the end of this year, followed by some recovery in 1979 as mill activity increased in major manufacturing countries.

Consumption of raw wool by 19 leading industrialised countries in 1977 fell 8 per cent, but industry's intake of competing fibres dropped only 2 per cent, he added.

Despite the shift to lower-priced man-made fibres, the synthetic industry continued to be in trouble because of its gross over-capacity, Mr. Godfrey said.

New Zealand's exports of wool fell by 19m kilos in the first nine months of the current season ending June 30, 1978, and were 10.5 per cent below the same period last year, Mr. Hugh Peirse, managing director of the New Zealand Wool Board, said.

Mr. Peirse added that sheep numbers in New Zealand, currently about 59m, increased 4.5 per cent last year and he expected them to rise by about 1m in each of the next two seasons.

However, it was likely that increased wool production would be taken up by local mills as they recovered from recession.

The average price for the current season would be about 190 cents a kilo, greasy, 30 per cent below last season's average, he noted.

The Australian Wool Corporation currently expects Australian shorn wool production in the 1978/79 season, starting July 1, to rise marginally to around 620m kilos greasy, against 610m kilos in 1977/78.

Malcolm Vanser, general marketing manager of the Corporation, said the forecast assumed an improved lambing rate coupled with better pasture conditions than had been seen since 1974/75.

But the forecast there would be a fairly dramatic movement in the composition of the Australian clip in the future. The change, towards broader wool types from finer types, will come with the return of normal seasonal conditions.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Sharply lower on the London Metal Exchange. Reports that the Kolwezi mines in Zaire could shortly be back in production prompted profit-taking on the early pre-market, with forward metal falling from £784 to £773 at one point. However, the price rallied to £778.5 on the morning kerb owing to short-covering, the weakness of sterling against the dollar and a slightly larger than expected fall in warehouse stocks. In the afternoon values were erratic with stop-loss selling on Comex depressing the price here to £771 before short-covering pushed it back up to £774 on the late kerb. Turnover 11,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	758-.9	-15.7	756-7	-22
3 months	778-.5	-15.6	776.5	-21.6
Settl'm'nt	759	-15.5	—	.....
Cathodes				
Cash	750.5-1	-16	749.5-50.5	-21.5
3 months	770.5-1.5	-15.2	769.5-70	-21
Settl'm'nt	751	-16	—	.....
U.S. Smt.	—	.....	*66.5-66	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £756.5, three months £779, 78, 77, 78, 75, 76, 75.5, 77, 78, 77, 77.5, 78, 78.5, 78. Cathodes, three months £771, 71.5. Kerb: Wirebars, three months £779.5, 79, 79.5, 78, 77.5. Afternoon: Wirebars, three months £773, 74, 74.5, 75, 75.5, 76, 77, 76, 76.5. Kerb: Wirebars, three months £775, 75, 74, 73, 73.5, 74, 74.5.

TIN—Higher again following the sharp rise in the Penang price over the weekend. Forward standard metal opened firmer at £6,610 but then dipped to £6,550, reflecting the downturn in copper. At this level fresh buying and short-covering took it up to £6,660 in the morning rings before heavy profit-taking in the afternoon pared the price to £6,615 on the late kerb. The fall in warehouse stocks caused the backwardation to widen to around £150. Turnover 1,100 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6810-20	+100	6765-75	+67.5
3 months	6655-65	+75	6620-30	+30
Settlem't	6820	+100	—	..
Standard				
Cash	6800-10	+100	6765-70	+72.5
3 months	6650-5	+67.5	6615-20	+35
Settlem't	6810	+100	—	..
Straits E.	$1703	+31	—	.....
New York	—	.....	—	..

Morning: Standard, cash £6,810, three months £6,640, 50, 60, 55, 50. Kerb: Standard, three months £6,655, 60, 55, 45, 50. Afternoon: Standard, cash £6,770, three months £6,630, 25, 20, 15. Kerb: Standard, three months £6,610, £6,600, 10.

LEAD—Lower in sympathy with copper. Forward metal fell to £329 on the morning kerb following profit-taking but values recovered slightly in the afternoon with forward metal finally £331.5 on the late kerb. Turnover, 7,550 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	320.5-1	-3.75	322-3	-7
3 months	330-.5	-4	332-.5	-7.25
Sett'l'm'nt	321	-4	—	.....
U.S. Spot	—	.....	31-33	.....

Morning: Cash £321.5, 21, three months £330, 30.5, 31, 31.5, 31, 32, 31.5, 31, 30.5. Kerb: Three months £331, 32, 31.5, 31, 30, 29.5, 29. Afternoon: Three months £328, 29, 30, 30.5, 31, 30.5, 32, 32.5, 33, 32.5, 32. Kerb: Three months £333, 32, 31, 32, 31.5.

ZINC—Easier in line with the general trend in base-metals. After falling to £336.5 on the morning kerb forward metal picked up to close at £344 on the late kerb following news that St. Joe Minerals had lifted its producer price by 2 cents to 31 cents. Turnover, 6,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	329.5-30	-4	335-.5	-4.25
3 months	339.5-40	-3.87	344.5-5	-4.75
S'ment	330	-4	—	.....
Prm. West	—	.....	29-31	.....

Morning: Cash £330, 29.5, three months £341, 40.5, 40, 39, 39.5. Kerb: Three months £340, 39, 38.5, 39. Afternoon: Three months £339, 40, 42, 44, 42, 42.5, 44, 45. Kerb: Three months £341.5, 42, 43, 44.

* Cents per pound. † On previous official close. ‡ $M per picul.

SILVER

Silver was fixed 4.35p an ounce lower for spot delivery in the London bullion market yesterday at 294.0p. U.S. cent equivalents of the fixing levels were: spot 534.2c, down 10.8c; three-month 543.5c, down 11.2c; six-month 552.8c, down 11.5c; 12-month 575.6c, down 10.8c. The metal opened at 291.4-292.5p (432-533c) and closed at 292.1-293.1p (531½-533c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	294p	-4.35	292.95p	-7.8
3 months	301.45p	-4.2	300.4p	-7.7
6 months	309.5p	-3.9	—	...
12 months	327.6p	-3.4	—	.....

LME—Turnover 164 (199) lots of 10,000 ozs. Morning: Three months 301.5, 1.8, 302, 2.2. Kerbs: Three months 302, 2.1, 302. Afternoon: Three months 030.8, 300.7, 300.8, 300.7, 300.9, 300.8, 300.7, 300.6, 300.5. Three months 299.9, 9.8, 9.9, 300, 300.1, 300.2, 300.

COCOA

Values eased with pressure on the near months as consumers remained sidelined, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No.6 Contr't			
July	1665.5-65.0	-17.25	1668.0-40.0
Sept	1639.0-41.0	-5.5	1642.0-20.0
Dec	1620.0-21.0	-5.5	1622.0-04.0
March	1602.0-04.0	-9.5	1607.0-1590
May	1590.0-1600	-5.5	1595.0-85.0
July	1588.0-90.0	-3.0	1585.0-75.0
Sept	1579.0-85.0	+2.5	1575.0-65.0

Sales: 2,456 (3,498) lots of 3 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price June 2: 131.50 (132.69). Indicator prices June 5: 15-day average 137.42 (138.11); 22-day average 140.72 (141.62).

COFFEE

Robustas opened sharply higher again and gains of over £100 were recorded before the market reversed, Drexel Burnham Lambert reported. In the late morning and early afternoon large-scale dealer profit-taking took values to only £20 to £30 above Friday's close but the inherent strength of the market was demonstrated as new buying pushed values back to the highs at the close. Dealers said traders were still unwilling to establish short positions in view of the market's volatility and all reversals seemed to be caused by long-holder profit-taking.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	2058-2060	+120.5	2068-1965
July	1951-1954	+115.5	1954-1860
September	1905-1906	+125.5	1910-1810
November	1855-1860	+121.5	1860-1795
January	1790-1780	+87.5	1800-1755
March	1755-1770	+100.0	1750-1710
May	1720-1750	+112.5	1740-1700

Sales: 8,966 (6,695) lots of 5 tonnes.

ICO Indicator prices for June 2 (U.S. cents per pound). Colombian Mild Arabicas 195.00 (194.00); unwashed Arabicas 176.00 (170.00); other mild Arabicas 180.67 (174.67); Robustas 156.00 (146.50). Daily average: 168.34 (166.50).

ARABICAS were dull with nearby positions not attracting any interest, Drexel Burnham Lambert reported.

Prices (in order buyer, seller, change, business): June 212.00-216.00, +2.30, 212.00-211.00; August 199.00-106.00, +1.50, untraded; Oct. 188.50-194.00, +3.00 untraded; Dec. 185.50-189.50, +8.00, untraded; Feb. 180.00-185.00, +3.25, 178.00; April 173.00-185.00, +7.00, untraded; June 174.00-185.00, +12.00, 176.00-174.00. Sales 6 (25) lots of 17,250 kilos.

GRAINS

Month	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	86.35	-0.25	80.70	-0.15
Nov.	88.75	-0.15	83.40	0.20
Jan.	91.40	-0.20	86.10	-0.15
Mar.	94.05	-0.20	88.40	-0.30
May	96.60	-0.20	90.95	-0.20

HGCA—Regional and UK average ex-farm spot prices for week ending Thursday, June 1. Feed wheat: S. East 96.10, S. West 98.00, Eastern 95.60, E. Midlands 96.80, W. Midlands 99.10, N. East 97.60, N. West 97.00. UK: 96.90, change: +60, tonnage: 2,300. Other milling wheat: Eastern 101.20, E. Midlands 100.00, N. East 101.20, N. West 100.00. UK: 100.70, change: +60, tonnage: 899. Feed barley: S. East 83.20, S. West 82.90, Eastern 83.20, E. Midlands 82.70, W. Midlands 82.40, N. East 81.90, N. West 81.70, Scotland 83.10. UK: 82.70, change: +40, tonnage: 5,955.

HGCA—Location ex-farm spot prices for June 5. Feed barley: East Suffolk £83.00, NE Scotland £86.20.

U.K. monetary co-efficient for the week from June 12 will remain unchanged.

The market opened unchanged and in a featureless market saw very little trade after morning session. Some hedge selling in the afternoon eased values slightly to close 12-25 lower on wheat and 15-20 lower on barley, Acli reported.

Business done: Wheat: Sept. 86.60-86.35, Nov. 88.95-88.80, Jan. 91.60-91.45, March 94.25-94.05, May 96.60-96.60. Sales: 61 lots. Barley: Sept. 80.90-80.75, Nov. 83.70-83.40, Jan. 86.65-86.25, March untraded, May 91.10-91.10. Sales: 49 lots.

MARK LANE—Very quiet trading with mainly short covering on June positions against delivery orders.

Milling wheat delivered London area: June £104.50, July £106.00, Sept. £92.75. Denaturable quality wheat delivered East Anglia: June £98.50, July £101.00, August £102.00, Sept. £86.50. Barley delivered East Anglia: June £86.50, July £88.00, Sept. £80.00.

IMPORTED—Wheat: CWRS No. 1 13½ per cent June £96.25, Tilbury. U.S. Dark Northern Spring No. 2 14 per cent June and July £87.00, August £87.25 transhipment East Coast.

Maize: U.S./French June £105.25, July £105.50, August £101.50, transhipment East Coast; South African White June-July £81.50, Glasgow; South African Yellow June-July £81.50, Glasgow.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported that the Malaysian market was 230 (227) cents a kg (buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business done
July	57.50-58.40	57.50-57.60	
Aug.	58.85-59.20	58.00-58.50	
Jly-Sept	58.65-59.20	58.40-58.65	59.10-59.00
Oct-Dec	60.75-60.80	60.20-60.25	61.05-60.20
Jan-Mr	61.60-61.90	61.30-61.40	62.50-61.60
Apr-Jne	62.35-62.95	62.25-62.55	65.25-62.65
Jly-Sept	63.90-64.05	63.45-65.50	64.30-64.20
Oct-Dec	65.05-65.15	64.45-64.50	—
Jan-Mar	66.20-66.45	65.60-65.70	66.10-66.00

Sales: 237 (295) lots of 15 tonnes and 6 (...) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 57.75p (52.25); July 57p (56.5); August 57.5p (57.0).

SOYABEAN MEAL

The market opened sharply lower on stop-loss liquidation following limit losses in Chicago markets. Values were depressed further in anticipation of substantially more soya meal arrivals in Rotterdam. At the close prices finished with losses of £3 to £4.50, SNW Commodities reported.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	125.60-25.0	-2.45	125.00-23.50
August	124.70-24.8	-2.95	127.50-25.00
October	125.70-25.9	-2.0	126.80-24.00
December	125.60-26.0	-0.55	125.40-25.00
February	126.10-29.0	-0.20	
April	126.00-27.0	-1.5	
June	125.50-28.5	-5.0	

Sales: 219 (160) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £105.00 (£105.50) a tonne cif for June-July shipment. White sugar daily price was fixed at £113.00 (same).

The market opened about 50 points below pre-weekend levels and eased later following the announcement of tenders by Trinidad and Belize. Losses of up to 100 points were recorded and final quotation were around the lows of the day, C. Czarnikow reported.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	106.75-06.90	107.40-07.60	108.00-06.70
Oct.	109.30-09.50	110.25-10.50	110.70-09.25
Dec.	112.25-12.50	113.40-13.50	115.25-12.25
March	120.30-20.50	121.50-21.90	121.35-20.40
May	123.55-23.75	124.40-24.50	124.00
Aug.	126.75-27.00	127.40-27.50	
Oct.	129.50-30.50	130.00-30.75	

Sales: 1,305 (1,284) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £165.00 (£165.50) for export.

International Sugar Agreement: Prices for June 1 U.S. cents per pound fob and stowed Caribbean port—Daily 7.73 (7.50); 15-day average 7.82 (7.89).

WOOL FUTURES

LONDON—Dull and featureless, Bache reports.

(Pence per kilo)

Australian Greasy Wool	Yesterd'ys Close	+ or —	Business Done
July	230.0-28.0	......	—
October	240.0-36.0	1.0	—
December	240.0-38.0	-0.5	—
March	245.0-45.0	......	—
May	245.0-45.0	......	.
July	245.0-46.0	......	..
October	250.0-47.0	..	
December	252.0-48.0		

Sales: 2/0 (nil) lots of 1,500 kg.

SYDNEY GREASY—Micron Contract: Market closed because of the Queen's birthday.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 54.0 to 57.0; Eire hindquarters 70.0 to 72.0, forequarters 30.0 to 35.0. Lamb: English small new season 60.0 to 64.0, English medium 60.0 to 70.0, Imported frozen NZ PL 51.0 to 52.0, NZ PM 50.0 to 51.0. Pork: English, under 100lbs 35.0 to 44.0, 100-120lbs 35.0 to 43.0, 120-160lbs 35.0 to 41.0.

MEAT COMMISSION: Average fatstock prices at representative markets on Mon.-Sat. w/e June 3: GB cattle 70.87p per kg.l.w. (-0.76); UK sheep 158.0p per kg. est.d.c.w. (-6.5); GB pigs 59.6p per kg.l.w. (-3.1). England and Wales—Cattle numbers down 17.7 per cent, average price 71.15p (-0.72). Sheep down 18.7 per cent, average price 157.5p (-6.5). Pigs down 27.2 per cent, average price 59.4p (-3.1). Scotland—Cattle numbers down 6.5 per cent, average price 70.25p (-0.63). Sheep down 47.0 per cent, average price 152.7p (-1.5). Pigs down 27.3 per cent, average price 64.0p (-0.4).

MEAT COMMISSION—Average fatstock prices at representative markets on June 5. GB cattle 69.92p per kg. l.w. (-1.87). UK sheep 148.7p per kg. est.d.c.w. (-15.5). GB pigs 56.7p per kg. l.w. (-6.1). England and Wales—Cattle numbers [illegible], average price 69.64p (-2.30). Sheep average price 149.9p (-17.5). Pigs average price 56.8p (-6.1). Scotland—Cattle numbers down 29.7 per cent, average price 69.33p (-0.76). Sheep up 22.0 per cent, average price 154.5p (-1.5). Pigs down 14.2 per cent, average price 56.20 (-0.2). No England and Wales number change due to holiday last week.

COVENT GARDEN (Prices in sterling per package except where stated): Imported produce: Oranges—Cyprus: Valencia Lates 20 kilos 3.40-4.00, 15 kilos 2.50-4.00; Jaffa: Valencia Lates 2.95-4.40; Moroccan: 3.00-3.50; Californian: 3.60-4.70; S. African: Navels 3.15-4.25; Spania: Valencia Lates 2.80-3.60. Ortaniques—Jamaican: 5.50-6.00. Lemons—Italian: 100/120's new crop 4.50-5.00; Spania: trays 25/50's 1.20-1.60; S. African: 88/195 5.00-5.20; Spania: large box 2.80-4.00. Grapefruit—Cyprus: 15 kilos 2.00-3.00, 20 kilos 3.20-4.00; S. African: 36/56 3.00-3.70; Jaffa: 20 kilos 3.20-3.95. Apples—French: Golden Delicious 20-lb 84's 2.50-2.70, 72's 2.70-2.80, large boxes 6.00-7.40; Tasmanian: Jonathans 8.20, Granny Smith 8.20, Golden Delicious 7.60-7.70; Italian: Rome Beauty per pound 0.12, Golden Delicious 0.14-0.16; S. African: Granny Smith 5.20-8.40, White Winter Pearmain 7.20-7.60, Starking Delicious 5.00-5.40, Golden Delicious 7.80-8.40, Dunns Seedling 6.55-7.20; Chilean: Granny Smith 7.00-7.60; New Zealand: Sturmer Pippins 163 8.20, 175 8.20, Granny Smith 8.20-8.30; Danish: Per pound Spartans 0.13-0.15. Pears—S. African: Cartons, Packham's Triumph 6.00-6.20, Beurre Bosc 7.00-8.00, Winter Nelis 7.50-7.80; Belgian: Conference 0.14-0.15; Dutch: 0.15. Apricots—Spanish: 5 kilos 2.50-3.20. Bananas—Jamaican: Per pound 0.15. Avocados—Kenya: Fuerte 14/24's 3.80-5.00; S. African: Fuerte 3.50-4.00. Strawberries—Californian: 0.90-1.00; Italian: 0.40; Spania: 0.30-0.35. Cherries—French: Per pound 0.60-0.65; Cyprus: 0.65-0.70. Onions—Chilean: Cases 3.00-4.00; Canary: 4.00-4.20; Dutch: 2.00-2.50; Israeli: 4.20-4.30; Texas: 4.50; Egyptian: 4.00; Spanish: 3.00. Potatoes—Egyptian: 4.00-5.00; Cyprus: 5.20; Jersey: 55-lb 8.10; Valencia: 4.20-4.40; Majorcan: 5.00; Italian: 4.40. Tomatoes—Dutch: 4.40-4.70. Carrots—French: Nantes 26-lb boxes 2.60; Cyprus: 1.70-2.20. Asparagus—Californian: Per pound 0.90-1.00; Hungarian: 0.70-0.75. Lettuce—Dutch: 24's 2.50-3.60. Beetroot—Cyprus: 25-lb 2.00.

English produce: Potatoes—Per 56-lb, White/Red 2.40-2.50. Lettuce—Per 12 1.40-1.60, Cos 2.20-2.40. Beetroot—Per 28-lb 2.50-3.00. Carrots—Per bag 0.80-1.50. Onions—Per 56-lb 2.00-3.00. Rhubarb—Per pound, outdoor 0.05. Cucumbers—Per tray 12/24's 1.80-2.50. Mushrooms—Per pound 0.20-0.30. Apples—Per pound Bramley's 0.10-0.20. Tomatoes—Per 12-lb English 4.20-4.70, Guernsey 4.40-4.70. Greens—Per crate, Kent 1.20-1.40. Cauliflowers—Per 12, Lincoln 1.20-1.40, Kent 1.80-2.10. Celery—Per 12/18 3.60-4.50. Asparagus—Per bundle approx. 2-lb 1.00-1.40. Strawberries—Per 1-lb 0.18-0.22.

JUTE

DUNDEE JUTE—Quiet. Prices c and f UK for September-November shipment: BWE £267, BWC £254, BWD £248. Tossa: BTB £267, BTC £255, BTD £248. Calcutta goods steady. Quotations for prompt shipment 10-ounce 40-inch £9.77, 7½-ounce £7.81 per 100 yards. June £9.87, £7.73, July-Sept £9.90, £7.85. "B" twills £27.25, £27.48, £27.79 for the respective shipment period. Yarn and cloth quiet.

VEGETABLE OILS

LONDON PALM OIL—Closing: June 300.00-330.00, July 300.00-320.00, Aug. 300.00-310.00, Sept. 290.00-330.00, Oct. 290.00-320.00, Nov. 280.00-315.00, Dec. 280.00-310.00, Jan. unquoted, Feb. unquoted. Sales: Nil.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 216 tonnes, W. F. Tattersall reported. Scattered operations were mentioned in Russian and other Middle Eastern varieties. Both North and South American qualities also attracted attention.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 5 1978	+ or —	Month ago
Metals			
Aluminium	£680	.....	£680
Free market (cts)	$1,020-3		$35-000
Copper cash W. Bars	£756.5	-22.0	£691.25
3 months do. do.	£776.25	-21.5	£709.25
Cash Cathode	£750	-21.5	£681.5
3 months do. do.	£769.75	-21.0	£699.5
Gold	Troy oz. $172.625	-2.75	$172.375
Lead Cash	£322.5	-7.0	£299.5
3 months	£332.25	-7.25	£307.25
Nickel	£2,566	.....	
Free Market (cif) (lb)	$1.90		1.95
	2.03	-0.055	2.05
Platinum (troy oz.)	£122		£120.5
Free Market	£130.75	-7.35	£119.8
Quicksilver (76lb.)	$127-32	.....	127-32
Silver (troy oz.)	294p	-4.35	277.6p
3 months	301.45p	-4.2	283.6p
Tin Cash	£6,767.5	+72.5	£6,475
3 months	£6,617.5	+35.0	£6,375
Wolfram 22.04lb (cif)	$129-34	-1.0	$135-40
Zinc cash	£335.25	-4.25	£298
3 months	£344.75	-4.75	£306.75
Producers	$550-600	.....	$550-600
Oils			
Coconut (Phil.)	$640r	-30.0	$595
Groundnut	£749	.....	£744
Linseed Crude (r)	£385	.....	£563
Palm Malayan	$610x	-3.0	$581
Seeds			
Copra Philip.	$445u	-10.0	$410
Soyabean (U.S.)	$208.25v	-11.25	302.5
Grains			
Barley EEC			
Home Futures	£83.4	-0.2	£80.65
Maize			
French No. 3 Am	£105.25	.....	£106.75
Wheat			
No. 1 Red Spring	£96.25u	-0.5	£94.25
No. 2 Hard Winter	‡	.....	‡
English Milling	£104.5	.....	£102
Cocoa Shipment	£1,725	-16.0	£2,055
Future Sept.	£1,643	-5.5	£1,854.5
Coffee Future			
Sept	£1,932.5	+113.5	£1,388.5
Cotton 'A' Index	70.65c	-0.2	69.9
Rubber kilo	57.75p	-.5	52.2p
Sugar (Raw)	£105	-0.5	£101.5
Wooltops 64s kilo	281p		280p

* Nominal. ‡ Unquoted. o May-June. t May-August. s August. u June. b April-June. r July. v May-July. z June-July. x Per ton.

INDICES

FINANCIAL TIMES

June 2	June 1	Month ago	Year ago
252.45	250.34	247.88	265.52

(Base: July 1, 1952=100)

REUTER'S

June 5	June 2	Month ago	Year ago
1515.4	1518.1	1465.9	1650.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	June 2	June 1	Month ago	Year ago
Spot	355.06	355.74	364.42	421.20
Futures	354.68	356.74	350.46	387.37

(Average 1924-25-26=100)

MOODY'S

Moody's	June 2	June 1	Month ago	Year ago
Spot Commdty	922.8	927.6	905.6	958.2

(December 31, 1931=100)

GRIMSBY FISH—Supply, good, demand, fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.40-£3.70, codlings £2.20-£3.20, large haddock £3.80-£4.20, medium £3.20-£3.80, small £2.00-£3.00, large plaice £4.00-£4.50, medium £3.50-£4.50, best small £3.00-£4.30, skinned dogfish (large) £8.00, (medium) £6.00, lemon soles (large) £6.00, medium £5.00, saithe £1.40-£2.00.

Record U.S. soya exports forecast

CHICAGO, June 2.

A NUMBER of leading grain market analysts estimate that U.S. soyabean exports in 1977-78 crop year ending August 31, will easily reach 650m bushels and could exceed 700m.

The analysts quoted a range of 650m bushels — the same as predicted by the U.S. Agricultural Department—to possibly as much as 720m. But most estimates were around 680m.

Department statistics show that 542.5m bushels of soyabeans had been exported by May 26, compared with the record 564m for the whole of last year.

Mr. Donald Frahm, American Soyabean Association senior economist, forecasts exports around 675m bushels, but said the total was unlikely to reach 700m.

He predicted that limited soyabean exports from Brazil would continue and that Argentina would have more soyabeans available for export now that its crop had been harvested.

In Buenos Aires, meanwhile, trade sources said they expected this year's Argentinian soyabean crop to reach a record 2m to 2.5m tonnes, up from the 1977-78 high of 1.4m.

Last month the Argentine Grain Board projected a 2.15m tonnes output.

Pakistan rice export record

PAKISTAN EXPORTED rice valued at a record Rs 390m last month.

Izharul Haq, chairman of the Rice Export Corporation of Pakistan, said total rice exports during the 11 months of the current financial year amounted to over 700,000 tons valued at Rs 2,110m.

In the corresponding period last year the rice exported fetched Rs 1,980m.

Izharal said rice worth about Rs 350m was expected to be exported this month. The revised target of Rs 2,300m was therefore likely to be exceeded, he said.

FARM MACHINES PLAN BY CHINA

WASHINGTON, June 5.

CHINA MAY import substantial quantities of advanced farming equipment within the next two years for use on experimental state farms in the less developed north-eastern and north-western regions of the country, the National Council for U.S.-China Trade said here.

The Council, a private non-profitmaking organisation, including about 400 U.S. companies, said an agricultural machinery delegation had just completed a two-week trip to China during which technical seminars were conducted and visits made to factories and communes. Reuter

WORLD STOCK MARKETS

Wall St. 8.9 higher in heavy early trading

INVESTMENT DOLLAR PREMIUM
$2.60 to £—109% (105¼%)
Effective ($1.8205)—46¾% (44%)

A WIDESPREAD fresh advance occurred on Wall Street yesterday morning in heavy trading, a move that analysts said stemmed mainly from internal factors but was also spurred by a growing belief that economic news will improve as the year progresses.

The Dow Jones Industrial Average was 8.92 higher at $856.46

Closing prices and market reports were not available for this edition.

at 1 pm. while the NYSE All Common Index had moved ahead 56 cents more to $55.59 and gains outpaced declines by a five-to-two margin. Turnover expanded to 24.78m shares from last Friday's 1 pm level of 21.37m.

An analyst commented that "we see institutions returning to the market for the first time in several weeks." Portfolio managers had been waiting for a market pull-back that hasn't occurred, he added.

Last week, investors learned that consumer prices rose at a double digit pace in April but that the rise in wholesale prices slowed in May, hinting that consumer prices may ease also. And a surprise fall in the U.S. money supply, reported last week, has eased concern of further imminent monetary tightening, analysts stated.

Glamour and Blue Chip stocks were the centre of attention. **IBM** rose 2¼ to $262¼. **Smithkline** 3 to $77, **KLM Royal Dutch** 4¾ to $83¾. **Squibb** 1¾ to $32¾. **Boeing** 1¼ to $51¾. **Du Pont** 2¼ to $118¾. **Fairchild Camera** 1 to $34¾ and **Avon** 1¼ to $55¼.

Ford Motor picked up ¾ to $49¼ and **Chrysler** tacked on ¼ to $12—Ford reported that late May car sales rose 22.6 per cent but Chrysler's sales were down 7.5 per cent.

Topping the actives list, **Grumman** climbed 1¼ to $20¼—it has received a $272m Navy award to build F-14 fighter aircraft.

Also active, **International Harvester** added ¾ at $35¾—it has won a suit brought by a dealer *who had alleged anti-trust activities* and sought a $10m payment.

THE AMERICAN SE Market Value Index rose 0.68 to 146.29 at 1 pm on a 2.52m share volume (2.12m).

Resorts International "A," the most active issue, advanced 1¾ to $35. **U.S. Filter**, also active, picked up ¾ to $15¾—the Flick Group, of Germany, said on Friday that it has taken a $100m stake in U.S. Filter.

Canada

Stocks continued to show a firm disposition in active early trading, the Toronto Composite Index adding 2.6 at 1,135.0 at noon. Metals and Minerals put on 4.2 to 996.6, Oils and Gas 3.6 to 1,353.8, Utilities 1.20 to 174.81 and Banks 0.29 to 275.47, but Golds reacted 4.5 to 1,398.9.

All-Can "B" rose 25 cents to C$5—Hemisphere Investments said it is considering an offer of C$5.45 for each "B" share of All-Can. **Canada Tungsten Mining** jumped $3¾ to $17¼—Amax Securities may offer to buy up to 800,000 shares of Canada Tungsten at C$19 a share.

Tokyo

Share prices were inclined to gain ground in moderate trading, with sporadic buying spreading over many sections. The Nikkei-Dow Jones Average rose 9.52 to 5,495.28, with volume amounting to 210m shares. The Tokyo SE index put on 1.22 to 410.74.

Vehicles and Motor Components advanced after an easier opening following reports that Japanese vehicle registrations in May rose 17 per cent from a year ago. **Toyota Motor** finished Y24 stronger at Y998, **Nissan Motor** Y11 up at Y805 and **Honda Motor** Y7 firmer at Y580.

Elsewhere, **Kyoto Ceramic** rose Y100 to Y3,910, **K. Hattori** Y50 to Y1,150, **Taiyo Yuden** Y40 to Y630, **Nippon Hodo** Y30 to Y1,080, **Tokyo Style** Y29 to Y810, **Miyoshi Oil and Fats** Y27 to Y340 and **Tsudacoma Industries** Y25 to Y372.

However, **Fuji Photo Film** retreated Y14 to Y555 and **Konishiroku Photo** were also weak, unsettled by a Press report that the Japanese Government is considering cutting import tariffs on colour film to 6.5 per cent from the current 11 per cent.

Leading Machine Tools also declined, reflecting profit-taking.

Germany

Market closed mixed with a slightly weaker bias after strong buying orders, notably from Swiss investors, petered out and gave way to position covering. The Commerzbank index finished a net 3.0 down at 782.9.

Brokers said that contributing to the subsequent weaker tone were the results of voting on Sunday in Hamburg and Lower Saxony, where Chancellor Helmut Schmidt's coalition partner, the Free Democratic Party, was soundly defeated.

Hoechst led leading Chemicals up to DM 1.10 lower, while in Motors, **Volkswagen** lost DM 1.50, but **Mercedes** advanced by the same amount.

Mannesmann were DM 2.00 weaker in Steels, and **Bayerische Vereinsbank** shed DM 1.50 in Banks.

Public Authority Bonds were irregular, recording gains to 20 pfennigs and losses to 35 pfennigs. The Regulating Authorities bought paper totalling a net DM 21.1m nominal, compared with DM 1.2m purchases last Friday. Mark Foreign Loans were steady.

Paris

PARIS—Shares, after opening weakly, showed some recovery in hesitant trading to end on a mixed note.

Brokers said sentiment was further depressed by news that strike action at two Renault plants had spread to two other factories, while the raising of the Call Money Rate to 8 per cent from 7¾ was another adverse influence.

Banks, Portfolios, Constructions, Stores and Oils, however, were generally better on balance, but most Foods, Electricals, Motors, Rubbers, Mines, Public Services, Metals and Textiles recorded declines.

Hong Kong

Market strengthened in active dealings, the Hang Seng index rising 4.32 to 484.17, its highest level since December 5, 1973.

Hong Kong Bank put on 10 cents to HK$15.70, **Hong Kong Land** 5 cents to HK$7.95, **Jardine Matheson** 10 cents to HK$13.60, **China Light** 60 cents to HK$29.00, and **Hong Kong and Kowloon Wharf** 70 cents to HK$ 20.00.

Australia

Markets were closed yesterday in observance of both Foundation Day and the Queen's Birthday.

Johannesburg

Gold shares were modestly easier, reflecting the low Bullion price.

Mining Financials tended to follow the gold producers' lower trend in hesitant trading, but **Charter Consolidated** gained 5 cents to R3.35 awaiting the results.

Other Mining issues edged lower, with dealers expecting Copper stocks to continue downward following the Kolwezi production resumption. **Palamin** shed 10 cents to R8.70.

Industrials were narrowly mixed in slack trading, although **Abercom** moved ahead 13 cents to R1.73 in fairly active dealings on further rumours of a take-over.

Amsterdam

Firmer—inclined in quiet trading, led by **KLM** and **Van Ommeren**, which advanced Fl 4.30 and Fl 6 respectively.

Dutch Internationals were narrowly mixed, with **Akzo** and **Hoogovens** hardening, but **Unilever, Philips, and Royal Dutch** all edging lower.

Trading in HVA shares was suspended pending a company statement.

State Loans improved afresh.

Switzerland

Fairly steady in listless activity.

Oerlikon-Buehrle Bearer gained 35 to a new high for the year of SwFr 2,550 in Financials.

Domestic and Foreign Bonds also showed little alteration in quiet conditions.

Milan

Technical and speculative demand which prevailed throughout in quiet trading left stock prices mainly higher.

Pirelli Spa appreciated 9.5 to L979.5 and **Fiat** 12 to L1,832.

Brussels

Mixed to higher after dull trading.

Among Steels, **Cockerill** advanced 8 to BFr 433. Elsewhere, **Union Miniere** rose 38 to BFr 794 and **Vieille Montagne** 20 to BFr 1,530, but easier Chemicals had **UCB** down 12 to BFr 936 and **Solvay** off 20 at BFr 2,440. Oils finished little changed, as did Holdings.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◊ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	June 2	June 1	May 31	May 30	May 26	May 25	1978 High	1978 Low	Since compil. High	Since compil. Low
Industrial	847.54	840.70	840.61	834.20	831.69	855.41	858.37 (17/5)	742.12 (28/2)	1051.70 (11/1/73)	[illegible]
H'me Bn'ds*	87.96	87.96	88.07	88.14	88.19	88.73	89.86 (4/1)	87.96 (2/6)	—	[illegible]
Transport	226.04	224.59	225.96	224.88	223.70	224.14	231.50 (22/5)	199.31 (9/1)	279.88 (7/2/69)	[illegible]
Utilities	106.08	105.76	105.31	104.87	104.47	104.33	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	[illegible]
Trading vol. 000's †	31,860	28,750	29,080	21,040	21,410	28,410	—	—	—	—

*Basis of Index changed from August 24.

	May 26	May 19	May 12	Year ago (approx.)
Ind. div. yield %	5.59	5.48	5.51	4.87

STANDARD AND POORS

	June 2	June 1	May 31	May 30	May 26	May 25	1978 High	1978 Low	Since Compil. High	Since Compil. Low
‡Industrials	108.48	107.60	107.51	107.08	106.78	107.03	110.31 (17/5)	95.52 (6/3)	134.64 (11/1/73)	[illegible]
§Composite	98.14	97.35	97.24	96.56	96.58	96.80	99.60 (17/5)	86.90 (6/3)	125.85 (11/1/73)	[illegible]

	May 31	May 17	May 10	Year ago (approx.)
Ind. div. yield %	5.01	4.85	5.04	4.51
Ind. P/E Ratio	9.29	9.55	9.16	10.01
Long Govt. Bond yield	8.51	8.42	8.43	7.67

N.Y.S.E. ALL COMMON

June 2	June 1	May 31	May 30	1978 High	1978 Low
56.05	54.59	54.52	54.30	56.68 (17/5)	48.57 (6/3)

Rises and Falls	June 2	June 1	May 31
Issues traded	1,889	1,893	[illegible]
Rises	930	711	[illegible]
Falls	538	731	[illegible]
Unchanged	421	451	[illegible]
New Highs	—	56	[illegible]
New Lows	—	52	[illegible]

		June 2	June 1	May 31	May 30	1978 High	1978 Low
MONTREAL	Industrial	181.56	180.93	180.85	180.65	185.81 (23/5)	162.90 (16/2)
	Combined	190.99	190.43	190.28	190.07	192.66 (23/5)	170.52 (30/1)
TORONTO	Composite	1132.3	1128.8	1128.8	1123.2	1136.3 (23/5)	998.2 (30/1)
JOHANNESBURG	Gold	212.8	213.0	(c)	212.4	218.7 (1/2)	185.0 (20/4)
	Industrial	226.1	226.0	(c)	225.0	226.1 (2/6)	194.9 (13/2)

	June 5	Previous	1978 High	1978 Low
Australia (*)	(c)	497.71	501.05 (30/5)	441.19 (1/3)
Belgium (‖)	95.77	95.77	101.16 (8/5)	95.43 (25/5)
Denmark (**)	(c)	96.25	96.15 (3/1)	94.00 (6/2)
France (††)	(u)	69.2	71.2 (30/5)	47.6 (3/2)
Germany (‡‡)	782.9	785.9	81.27 (10/2)	759.4 (17/5)
Holland (§§)	85.5	85.1	85.5 (6/6)	76.0 (4/4)
Hong Kong (¶¶)	484.17	479.85	484.17 (5/6)	383.44 (13/1)
Italy (‖‖)	63.06	62.66	64.25 (22/5)	55.45 (10/1)
Japan (a)	410.74	409.52	416.11 (19/4)	364.04 (4/10)
Singapore (b)	316.20	317.64	318.33 (1/6)	282.0 (1/6)
Spain (d)	—	103.98	116.78 (9/5)	[illegible]
Sweden (e)	371.36	369.41	397.95 (3/6)	[illegible]
Switzerl'd (f)	289.6	289.3	323.7 (14/2)	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance, 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NEW YORK

Stock	June 2	June 1
Abbott Labs	32⅝	31⅞
Addressograph	25⅛	25⅝
Aetna Life & Cas	40⅞	41
Air Products	29½	28⅝
Airco	50	50
Alcan Aluminium	28½	27⅝
Alcoa	47	44½
Allegheny Ludlum	18¾	18¾
Corning Glass	56½	55⅞
CPC Int'n'tions	49½	49¾
Crane	30⅛	30⅝
Crocker Nat	26⅝	26¾
Crown Zellerbach	33⅞	33⅞
Cummins Engine	39¾	39¾
Curtiss Wright	17⅞	18¼
Dana	28⅛	27⅝
Dart Industries	43⅜	42⅛
Deere	30⅛	30¾
Johns Manville	30⅝	30⅞
Johnson Johnson	80	78¼
Johnson Control	30	29¾
Joy Manufacturing	34¾	34¾
K. Mart Corp	25⅝	24⅝
Kaiser Aluminium	33	32⅝
Kaiser Industries	1⅞	1⅞
Kaiser Steel	25⅜	23¼
Kay	14¼	13½
Kennecott	24⅝	24⅞
Revlon	49	48⅞
Reynolds Metals	33¼	32⅝
Reynolds R.J.	56⅝	57
Rich'son Merrell	25½	24½
Rockwell Inter.	35¼	33⅝
Rohm & Haas	35½	35¼
Royal Dutch	56⅞	56⅝
RTE	17	16⅞
Russ Togs	12⅞	12⅝
Woolworth	19⅛	19¾
Wyly	4⅞	4⅞
Xerox	53½	52¼
Zapata	15⅝	15⅝
Zenith Radio	16½	15¾
U.S. Treas 4% 1980	†94	†94¼
U.S. Treas 4¼% 75/85	†80	†80⅝
U.S. 90 Day bills	6.66%	6.60%
[illegible]	[illegible]	[illegible]

CANADA

Stock	June 2	June 1
[illegible]	[illegible]	[illegible]

GERMANY ◆

June 5	Price Dm.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

June 5	Prices Yen	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AMSTERDAM

June 5	Price Fls.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

June 5	Price Frs.	+ or −	Div. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ◊

June 5	Price Frs.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

June 2	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

June 5	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

June 5	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

June 2	Aust. $	+ or −
[illegible]	[illegible]	[illegible]

PARIS

June 5	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

June 5	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

June 5	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

June 5	Price Cruz	+ or −	Div.	Yld.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Vol. Cr.[illegible]m. Shares [illegible]m.
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

June 5	Rand	+ or −
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or −
[illegible]	[illegible]	[illegible]

Securities Rand U.S.$0.73
(Discount of 36.5%)

SPAIN ♥

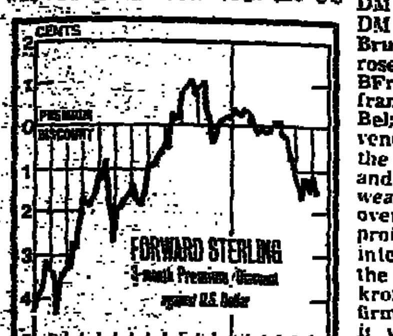
June 2	Per cent	+ or −
[illegible]	[illegible]	[illegible]

Currency, Money and Gold Markets

Pound weaker

London: The pound staged a general decline in yesterday's foreign exchange market and although business was at a generally low level, several adverse factors helped to paint a rather gloomy picture. The failure of the authorities to keep money supply growth within target ranges and expectations that inflation may accelerate later this year tended to undermine confidence. There was also uncertainty surrounding the timing of a UK general election and downward revisions in forecasts of the trade balance for 1978. Consequently sterling's trade weighted index, which is calculated by the Bank of England, showed a fall in the morning to 61.1 from 61.2 on Friday. At noon it fell again to 60.9, a level not seen since July last year. However, the closing calculation showed a recovery to 61.1.

Trading during the morning was rather dull with both the US



dollar and sterling showing a weaker tendency. The pound opened at \$1.8255-1.8265 and movement in the dollar pushed the rate down to \$1.8165 during mid-morning. Early afternoon saw the dollar in demand and it was this more than any fresh selling of sterling that led the Bank of England to intervene in the market quite heavily both to halt the pound's decline and to arrest any further improvement in the dollar. Sterling ended the day 25 points easier at \$1.8200-1.8210 while the dollar's trade weighted average depreciation since the Washington Currency Agreement of December 1971, using Morgan Guaranty calculations at noon in New York, narrowed to 5.40 per cent from 5.91 per cent on Friday.

Forward sterling was also weak, with the three-month discount against the dollar widening to 1.50c from 1.30c, while the 12-month widened to 6.17½c from 5.62½c.

The dollar improved against most currencies, and the Swiss franc showed a noticeably easier tendency with selling coming from both Zurich and New York. In terms of the dollar it closed at SwFr 1.93¾ against SwFr 1.8810. While the West German mark eased to DM 2.0942½ from DM 2.0807½ on Friday.

Frankfurt: The dollar was fixed at DM 2.0808 in quiet trading, with profit taking and commercial business responsible for a slight improvement by the U.S. currency. It improved to DM 2.0905 in terms of the D-mark, compared with DM 2.08 on Friday. Most other currencies also gained against the German unit, although the Swiss franc was slightly weaker, at DM 1.1006, compared with DM 1.058 on Friday.

Brussels: The Danish krone rose to its intervention level of BFr 5.809 against the Belgian franc at the official fixing, but the Belgian central bank did not intervene. Both currencies are part of the European currency "snake," and the Belgian franc has been weak against the Danish currency over the last week, although it is probable that the authorities only intervened on Friday to support the Belgian franc against the krone. The franc was slightly firmer against the D-mark, when it was fixed at BFr 15.681, compared with BFr 15.6645 on Friday.

Tokyo: The dollar dropped sharply in nervous trading to close at Y219.75 against the yen, down from Y221.97½ at the close in Tokyo on Friday.

It opened at Y221.20, but fell to a low of Y220.40 in the morning, and to Y219.70 in the afternoon.

This was the first time since April 17, when the dollar fell to Y218.83 in Tokyo, that the currency has fallen below the Y220 level.

Milan: The U.S. dollar fell for the sixth consecutive session against the lira and was fixed at L861.4, a drop of nearly two points from L863.2 on Friday. Trading was rather dull with only \$6.4m exchanged at the fixing. Elsewhere the lira also improved against the West German mark and sterling

THE POUND SPOT / FORWARD AGAINST £

June 5	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7	1.8165-1.8265	1.8200-1.8210	0.60-0.40c pm	2.97	1.55-1.45c pm	3.30
Canadian $	8½	2.0340-2.0445	2.0365-2.0375	0.50-0.40c pm	2.66	1.60-1.50c pm	3.04
Guilder	4	4.04-4.09	4.07½-4.08½	2⅛-1⅛c pm	5.51	7-6c pm	6.37
Belgian Fr	5½	59.10-59.45	59.40-59.50	35-25c pm	6.05	90-75c pm	5.55
Danish Kr	9	10.19-10.25	10.23½-10.24½	3¼-5¼ore dis	-4.98	5¼-1 ore dis	-4.10
D Mark	3	3.77½-3.82½	3.81-3.82	2⅞-1⅞pf pm	7.47	8-7 pf pm	7.36
Port. Esc	18	82.40-84.00	83.45-83.95	25-185c dis	-15.05	100-500c dis	-14.54
Span. Pes.	8	145.65-146.20	145.70-145.80	35-115c dis	-6.17	150-250c dis	-5.21
Lira	11½	1,565½-1,574½	1,568½-1,569½	par-3 lire dis	-1.14	2-5 lire dis	-0.33
Norwgn. Kr	7	9.78-9.85½	9.82-9.83	2-4 ore dis	-3.66	5½-5 ore dis	-1.95
French Fr	9½	8.35½-8.39½	8.38½-8.39½	1½-⅞c pm	1.45	3¼-3¼c pm	1.78
Swedish Kr	7	8.37½-8.43	8.41½-8.42½	1 ore pm-par	0.36	4¼-3¼ ore pm	1.78
Yen	3½	400-410	401½-402½				
Austria Sch	5½	27.15-27.45	27.35-27.45	15-5 gro pm	3.50	32-22 gro pm	3.94
Swiss Fr	1	3.41-3.54	3.52-3.54	3⅛-2⅞c pm	6.92	9-8c pm	9.63

THE DOLLAR-SPOT / FORWARD AGAINST $

June 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canadian $	0.8932-0.8937	0.8934-0.8937	par	—	0.09-0.07	-0.33
Guilder	2.2255-2.2315	2.2305-2.2315	0.65-0.60c pm	3.36	1.85-1.80c pm	3.13
Belgian Fr	32.54-32.59½	32.58-32.59½	0.09-0.08c pm	3.18	0.22-0.20½c pm	2.59
Danish Kr	5.6050-5.6100	5.075-5.6100	—		—	
D-Mark	2.0750-2.0840	2.0830-2.0840	0.87-0.82c pm	4.72	2.50-2.45c pm	4.62
Port. Es	—	45.30-45.45	—		—	
Lira	861.35-862.00	861.35-861.55	2.70-3 lire dis	-4.53	9-9.75 lire dis	-4.82
Nrwgn. Kr	5.3790-5.3855	5.3845-5.3850	—		—	
French Fr	4.5843-4.5930	4.5913-4.5930	0.50-0.65c dis	-1.50	1.70-1.90c dis	-1.53
Swedish Kr	4.6050-4.6155	4.6145-4.6155	—		—	
Yen	219.30-219.80	219.65-219.80	10.3-9.3y pm	5.39	29-27.5y pm	5.03
Austria Sch	—	14.92-14.94	—		—	
Swiss Fr	1.8755-1.8867	1.8857-1.8867	1.10-1.05c pm	7.03	3.20-3.15c pm	6.66

CURRENCY RATES

	Special Drawing Rights June 2	European Unit of Account June 2
Sterling	0.670560	0.675077
U.S. dollar	1.22479	1.23311
Canadian	1.36952	1.37482
Austria sch	18.5535	18.4655
Belgian franc	39.9833	40.2548
Danish krone	6.88516	6.93359
Deutschemark	2.55491	2.56938
Dutch guilder	2.73434	2.75290
French franc	5.61895	5.65352
Italian lira	1057.18	1064.00
Japanese yen	271.903	272.526
Norway krone	6.59978	6.64436
Spain peseta	98.0530	98.6155
Swedish krona	5.65449	5.69214
Swiss franc	2.31240	2.32546

CURRENCY MOVEMENTS

June 5	Bank of England Index	Morgan Guaranty changes %
Sterling	61.10	-42.0
U.S. dollar	89.44	-5.4
Canadian dollar	86.00	-12.1
Austrian schilling	141.16	+20.2
Belgian franc	111.42	+13.3
Danish krone	116.39	+7.3
Deutsche Mark	141.26	+36.0
Guilder	122.42	+18.9
French franc	98.53	-4.9
Lira	56.44	-45.9
Yen	134.87	+33.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

	£	$		£ Notes Rate
Argentina Peso	1,418-1,420	779-780	Austria	27-28¼
Australia Dollar	1.5939-1.6100	0.8790-0.8868	Belgium	59½-61
Finland Markka	7.77½-7.79	4.2720-4.2740	Denmark	10.25-40
Brazil Cruzeiro	31.62-32.62	17.37-17.92	France	8.30-8.45
Greece Drachma	67.055-68.714	36.83-37.74	Germany	3.30-3.35
Hong Kong Dollar	8.43¼-8.46¾	4.6410-4.6430	Italy	1550-1610
Iran Rial	125-131	68½-72	Japan	405-415
Kuwait Dinar (KD)	0.500-0.510	0.2750-0.2800	Netherlands	4.05-4.20
Luxembourg Franc	59.40-59.60	32.64-32.67	Norway	9.85-10.05
Malaysia Dollar	4.3290-4.3415	2.3840-2.3850	Portugal	77-85
New Zealand Dollar	1.7841-1.8021	0.9830-0.9920	Spain	143½-146½
Saudi Arabia Riyal	6.24-6.34	3.42¾-3.48¼	Switzerland	3.30-3.45
Singapore Dollar	4.2200-4.2325	2.3230-2.3240	United States	1.82-1.83½
South African Rand	1.5699-1.5953	0.8623-0.8763		

EXCHANGE CROSS-RATES

June 1	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.821	3.815	402.5	8.388	3.530	4.080	1569.	2.037	59.45
U.S. Dollar	0.549	1.	2.096	221.1	4.607	1.939	2.241	861.9	1.119	32.66
Deutsche Mark	0.262	0.477	1.	105.5	2.195	0.925	1.069	411.3	0.534	15.58
Japanese Yen 1,000	2.484	4.523	9.478	1000.	20.84	8.770	10.14	3898.	5.061	147.7
French Franc 10	1.192	2.176	4.548	479.9	10.	4.209	4.864	1871.	2.439	70.88
Swiss Franc	0.283	0.516	1.081	114.0	2.376	1.	1.156	444.5	0.577	16.84
Dutch Guilder	0.245	0.446	0.935	98.65	2.056	0.865	1.	384.6	0.499	14.57
Italian Lira 1,000	0.637	1.160	2.431	256.5	5.346	2.250	2.600	1000.	1.298	37.89
Canadian Dollar	0.491	0.894	1.873	197.6	4.116	1.733	2.003	770.3	1.	29.19
Belgian Franc 100	1.682	3.062	6.417	677.0	14.11	5.938	6.863	2639.	3.426	100.

EURO-CURRENCY INTEREST RATES*

June 6	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	—	7-8	7½-7¾	4⅞-5⅛	1¼-1½	3 5/16-3 9/16	10-10¼	0.10-0.12	—	½-2½
7 days notice	—	7-8	7½-7¾	4⅞-5⅛	1⅛-1⅜	3½-3 11/16	9¼-9¾	0.62-1.19	7 9/16-7 11/16	1¼-3¼
Month	10⅞-11⅜	7¾-8⅛	8-8¼	4⅜-5	1 5/16-1 7/16	3 7/16-3 9/16	9⅜-9⅝	0.94-2.0	8⅛-8¼	2⅜-2¾
Three months	11⅜-11⅞	8 1/16-8 3/16	8-8¼	4¾-5	1¼-1⅝	3 7/16-3 9/16	9 5/16-9 9/16	3.00-4.75	8-8⅛	2¾-3⅛
Six months	11⅞-12⅜	8⅜-8⅝	8⅜-8⅝	5⅛-5⅜	1 5/16-1 7/16	3½-3⅝	10-10¼	8.50-11.75	8 5/16-8 7/16	3 5/16-3 9/16
One year	12¼-12¾	8½-8⅞	8½-8¾	5⅝-5⅞	1½-1¾	3⅝-3¾	10 5/16-10 9/16	24.00-33.00	8⅝-8¾	3 9/16-4 1/16

Long-term Eurodollar deposits, two years 8 13/16-8 15/16 per cent; three years 8⅞-9 per cent; four years 8 15/16-9 1/16 per cent; five years 9-9¼ per cent.

INTERNATIONAL MONEY MARKET

New York rates steady

Treasury bill rates were generally higher in early New York trading, with 13-week bills quoted at 6.58 per cent bid, compared with 6.55 per cent late on Friday. Longer-term maturities were also firmer, with 26-week bills at 7.11 per cent, compared with 7.10 per cent, while one year bills were unchanged at 7.33 per cent.

Federal funds were quoted at 7¼ per cent bid, and dollar certificates of deposit were generally unchanged from late Friday. The one-month was quoted at 7.30 per cent bid, two-months at 7.43 per cent, and three-months at 7.65 per cent.

Washington: The Federal National Mortgage Association plans a debenture offering of \$2bn, with maturities ranging up to seven years.

Hong Kong: Conditions in the money market were tight, with call and overnight money commanding 5½ per cent.

London: Eurodollar deposit rates were fairly steady throughout, and closed little changed from Friday's levels. Trading was quiet, with little interest from the Far East and U.S. Rollover business was minimal at the start of the month.

Rabat: The Moroccan Dirham has been devalued by 7.3 per cent, and will stand at par with the French franc.

Port Moresby: Papua New Guinea has changed the basis of calculation of the kina to a basket of currencies, and has dropped the former alignment with the Australian dollar.

Munich: Foreign exchange dealers at International Forex Congress called for international standards to be introduced in the compilation and presentation of balance of payments statistics. President of the Bundesbank said that financing of U.S. payments deficit cannot continue this year on the same scale as last. He told the Forex Congress that he is confident the European joint float will continue, and believes it may be enlarged.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 9 per cent (since May 12, 1978)

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a small amount of Treasury bills and small number of local authority bills all direct from the discount houses. The total help given was termed as small. Apart from today's publication of the mid-May banking figures, Monday's subdued conditions look like continuing throughout the week and while discount houses still retain some reluctance to hold long-term bills, the generally nervous conditions experienced throughout the last few weeks seem to have abated somewhat.

Underlining the rather dull conditions, the market was faced with a take-up of Treasury bills but received some help from a decline in the note circulation.

Discount houses paid around 7¾ per cent for secured call loans at the start and funds were taken up to 8 per cent although 8¼ per cent was seen in places. However, closing balances were taken anywhere between 7 per cent and 8 per cent.

In the interbank market, overnight loans opened at 8¼-8⅝ per cent and eased to 8¼-8½ per cent before finishing at around 5 per cent. Treasury bills showed little change with the discount houses buying rate for three-month bills easing slightly to 8 11/32-8 9/32 per cent from 8⅜-8 5/16 per cent.

Rates for three-month sterling certificates of deposit were marginally firmer in places, closing at 9 11/16-9½ per cent, compared with 9⅝-9½ per cent on Friday.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 5 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-8⅜	—	—	—	8¾-8⅝	8-8⅜	—	—	—
2 days notice	—	—	8⅜-8⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	8¾-9	8⅞	7¾-8	—	—	—
7 days notice	—	8⅛-8¾	8½-8⅝	—	9⅛-9½	9¼	8⅛-8¼	8⅛-8 5/16	8 3/16-8⅝	9⅝
One month	8⅝-8½	9-9⅛	8¾-9	9⅜-9	9⅝-10	—	8 5/16-8½	8⅝-8 9/16	9	9⅝
Two months	9½-9¼	9⅜-9⅛	—	9⅛-8¾	10-10⅛	—	8 11/16-8¾	8 21/32-8 19/32	9⅛-9 1/16	9¾
Three months	9⅝-9½	9 11/16-9⅝	8⅞-9⅛	9⅜-8¾	10⅜-10¾	—	—	—	9 11/16-9 9/16	10-10¼
Six months	10⅛-10 1/16	10⅜-10⅛	9⅜-10⅛	9⅝-9	11 1/16-11	—	—	—	—	—
Nine months	10½-10⅛	10½-10⅝	—	10⅜-9⅛	10⅞-11⅛	—	—	—	—	—
One year	10⅝-10⅞	10⅝-10⅞	9⅝-10⅝	10⅜-9¾	—	—	—	—	—	—
Two years	—	—	10¾-11	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¾-12¼ per cent; four years 12-12½ per cent; five years 12¾-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bill 8 7/16-9 11/16 per cent; four-month trade bills 9 11/16-9¾ per cent. Approximate selling rates for one-month Treasury bills 8 5/16-8⅜ per cent; two-month 8¼-8 5/16 per cent; and three-month 8 19/32-8 21/32 per cent. Approximate selling rate for one-month bank bills 8¾-8 7/16 per cent; and two-month 8⅞-8¾ per cent; and three-month 9 1/16 per cent. One-month trade bills 9¼ per cent; two-month 9½ per cent; and also three-month 9⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 8½ per cent from June 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 6 per cent. Clearing Bank Base Rates for lending 9 per cent. Treasury Bills: Average tender rates of discount 8.7738 per cent.

GOLD

Market quiet

Gold lost \$2¾ an ounce to close at \$182¼-183 in the London bullion market yesterday. After opening at the same level, the metal was fixed during the morning at \$182.5 and improved slightly to \$183.05 at the afternoon fix. It was after this however, that a general improvement in the U.S. dollar prompted an easier tendency. Trading was only on a moderate scale and the best level seen was around 11.30 a.m. when the initial easier tendency prompted some demand which saw gold up to \$182¾-183¼.

GOLD MARKET

	June 5	June 2
Gold Bullion (a fine ounce)		
Close	\$182¼-183	\$185-185½
Opening	\$182¼-183	\$184-184½
Morning fixing	\$182.50 (£100.502)	\$184.50 (£101.079)
Afternoon fixing	\$183.05 (£100.577)	\$184.75 (£101.305)
Gold Coins domestically		
Krugerrand	\$188-191 (£104-105)	\$190-192 (£104½-105½)
New Sovereigns	\$53½-56½ (£29½-30½)	\$53½-55½ (£29½-30½)
Old Sovereigns	\$55½-58½	\$56½-58½
Gold Coins	(£31-32)	(£31-32)
internationally		
Krugerrand	\$188-190 (£103½-104½)	\$190-192 (£104½-105½)
New Sovereigns	\$52½-54½ (£29-30)	\$52½-54½ (£29-30)
Old Sovereigns	\$56½-58½ (£31-32)	\$56½-58½ (£31-32)
\$20 Eagles	\$278½-279½	\$278-281
\$10 Eagles	\$150-155	\$155-156
\$5 Eagles	\$98-102	\$99-102

MONEY RATES

NEW YORK

Prime Rate	8.5
Fed. Funds	7.5
Treasury Bills (13-week)	6.58
Treasury Bills (26-week)	7.11

GERMANY

Discount Rate	3
Overnight	3.5
One month	3.6
Three months	3.6
Six months	3.7

FRANCE

Discount Rate	9.5
Overnight	7.875
One month	7.75
Three months	8
Six months	8.25

JAPAN

Discount Rate	3.5
Overnight	1
Three months	2
Six months	3.25
One year	4

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on May 26, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	81.00
Albania	Lek	10.074
Algeria	Dinar	7.352
Andorra	French Franc	8.33½
	Spanish Peseta	145.75
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	4.92
Ecuador	Sucre	(o) 45.26
		(F) 47.41
Egypt	Egyptian £	(o) 0.754
		(T) 1.275
Ethiopia	Ethiopian Birr	(P) 3.775
Eq'l Guinea	Peseta	145.75
Falkland Is.	Falkland Is. £	1.0
Luxembourg	Lux Franc	52.45
Liechtenstein	Swiss franc	3.55
Macao	Pataca	9.12
Madeira	Portug'se Escudo	83.70
Malagasy Rp.	MG Franc	419.1
Malawi (S)	Kwacha	1.5665
Romania	Leu	(o) 8.49
		(n.c.) 22.79
Rwanda	Rwanda Franc	169.39
St. Christopher (S)	E. Caribbean $	4.92
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.92
St. Pierre	C.F.A. Franc	422.25

STOCK EXCHANGE REPORT

Gilts down further awaiting today's banking figures

Subdued conditions in equities—Share index 1.0 off at 474.5

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Uncertainty ahead of today's announcement of the mid-May banking figures set the seal for a fresh setback in British Funds yesterday and made for unsettlement in the Industrial leaders. Further losses in the Funds ranged to ½ and the Government Securities index gave up 0.37 more to a 1978 low of 68.79. Weakness in sterling and the inflationary implications of the Ford workers' proposal to press for a 25 per cent wage increase were also a drag on underlying sentiment.

The Industrial leaders drifted lower until lunch time when the announcement of better-than-expected annual results from Metal Box, up 6 at 308p, came as a steadying influence. Prices eventually picked up to close a few pence above the worst, and the FT 30-share index, down 2.1 at its lowest of the day at noon, rallied to finish a point off on balance at 474.5.

Elsewhere, a rather quiet and subdued trading session was enlivened by the surprise bid for Spooner Industries, up 19 at 72p, after 74p, from Redman Heenan, which in turn generated speculative demand for other bid favourites. Weekend Press comment also met with a fairly ready response, but the overall trend was one of mixed movements; rises were almost matched by falls in FT-quoted Industrials. There was a fall off in activity as measured by official markings of 4,644 compared with 4,998 last Friday.

Gilts uncertain

Scattered nervous offerings and the virtual absence of support ahead of today's announcement of the mid-May banking figures were the prime factors behind a further setback in the Gilt-edged sector yesterday. The reaction in sterling and the possibility of pay problems following the Ford workers' decision to press for a 25 per cent increase also took its toll on sentiment. Once again, modest selling found the market unwilling and prices reacted throughout the list. Falls ranged to ½, with War Loan recording a loss of that amount to 29½. The long tap, £55-paid Exchequer 12 per cent. 1998, eased ½ more to 62¼ compared with the last operative price of 63½.

Yesterday was the quietest day in Traded Options since dealings began on April 21. A modest 250 contracts were done compared with 277 on Friday and the heaviest total so far of 982 achieved on May 5. ICI were the most active with 59 contracts, while **Shell** followed with 57.

The investment dollar premium opened higher at 106½ per cent and, in thin conditions, touched 109½ per cent before closing 3½ up on the day at 109 per cent. Yesterday's conversion factor was 0.6868 (0.6958).

Following the placing at 75p, the shares of vehicle distributor **C. D. Bramall** opened at 90p and touched 92p before closing at 89p; the brisk evenly-balanced nature of the business kept price movements to the narrow range.

Banks easier

In front of today's publication of the mid-May banking statistics, the major clearing Banks drifted gently lower in thin trading. **Midland** closed 5 lower at 355p, while **Barclays** gave up to to 328p as did **Lloyds** to 278p. **NatWest**, however, held at 270p with sentiment helped by publicity given to a bullish broker's circular. Overseas issues moved higher in places with **ANZ** up 6 at 290p and **Hong Kong and Shanghai** 7 to the good at 271p. Merchant Banks were notable for a gain of 7 to 245p in **Guinness Peat**.

Insurances displayed no set trend following a small trade. **Sedgwick Forbes** firmed 7 to 402p but **London United** shed 4 to 172p.

Macdonald Martin continued firmly in Distilleries, rising 10 to 420p for a two-day gain of 50 on the deal whereby Bass Charrington will distribute its Highland Queen brand while, following Press comment, **Burtonwood** stood out at 158p, up 5, in quietly firm Breweries.

Buildings traded quietly with price movements rarely exceeding a couple of pence. **Marchwiel**, 298p, and **John Laing "A,"** 170p, added 5 and 2 respectively in thin markets, but **J. Smart** eased 3 to 45p in further response to last week's forecast of a slowdown in profits. **Armitage Shanks** firmed 2 to 68p and **Ibstock Johnsen** 3 to 176p, both on Press comment, while renewed interest lifted **Brown and Jackson** 3 to 94p.

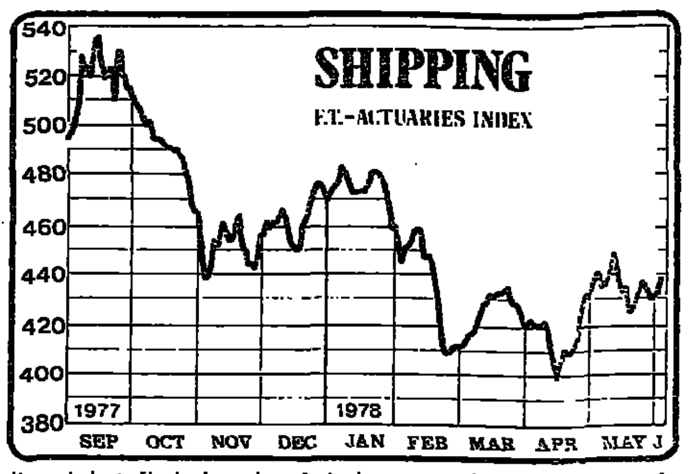
The after-hours' announcement from the Board that the proposed offer from **Tenneco** was considered inadequate made little impact on the share price of **Albright and Wilson**, already 5 easier at 137p. Elsewhere, **Fisons** drifted to close 6 lower at 354p, but **ICI** picked up in late dealings to finish only a penny cheaper on balance at 388p, after 386p. **Alginate** firmed 5 to 265p after renewed interest, but **Hickson and Welch** eased 3 to 220p ahead of Thursday's results.

Ever Ready lower

Ever Ready came on offer in Electricals, falling 5 to 148p on adverse Press comment. **Electron Rentals** hardened 2 to 126p in anticipation of Thursday's results, while **Highland Electronics** put on 3 to 31p.

Stores drifted gently lower on lack of interest. **Martin the Newsagent** finished a penny easier at 247p on the reduced first-half earnings. **Blackman and Conrad** improved 3 to 18p in response to Press comment, while interest was also shown in **Wearwell**, 2 better at 25½p, and **A. G. Stanley**, 5 to the good at 120p.

Spooner Industries emerged as the clear feature of an otherwise lethargic Engineering sector, rising 19 to 72p, after 74p, on the surprise cash bid of 65p per share from Redman Heenan which already holds about 11 per cent of the Spooner equity. **Hill and Smith** encountered speculative support and touched 73p before closing 3 better at 69p, while **Hall**



followed last Friday's gain of 6 with a fresh improvement of 2 to 109p in response to weekend Press comment. **Benjamin Priest** added 3 at 81p and **Dartmouth Investments** edged forward 1½ to 19½p. **Hawker** gained 4 to 220p among otherwise dull leaders.

Spillers returned to favour in Foods, rising to 30p in active trading before closing 1½ harder on balance at 29½p following a weekend Press mention. **Associated British Foods**, preliminary results next Monday, edged forward a penny to 70p, while a speculative flurry raised **Morgan Edward** 4 to a 1978 peak of 55p. **Kraft** moved up 1½ to £38½.

City Hotels were again prominent and rose 7 to a 1978 peak of 140p in response to Press comment.

Metal Box please

Nervously sold down to 296p immediately in front of the preliminary results, **Metal Box** rallied smartly to 310p on the announcement before closing 6 higher on the day at 308p. Apart from **Unilever**, which edged forward a couple of pence to 516p, miscellaneous industrial leaders drifted lower in sympathy with the fresh decline in gilt-edged. **Glaxo** ended 7 lower at 578p and **Bowater** receded 3 to 188p, after 187p, while **Pilkington** cheapened 2 to 485p as did **Turner and Newall**, to 175p. Elsewhere, a resurgence of speculative interest prompted a gain of 7 to 110p in **Office and Electronic**. **De La Rue** put on 5 to 327p in front of today's annual results and **Pentos** hardened 2 more to 41p with the help of Press comment. **Toye** found support at 55p, up 4, while **Grovebell** added 5 at 72p. A dull market last week following the disappointing first-quarter figures, **Morgan Crucible** rallied 3 to 109p and investment currency influences left **Jardine Matheson** up 7 at 236p.

Motors and Distributors drifted in light trading, sentiment apparently little affected by the prospect of increased prices for petroleum and the news that Ford shop stewards intend to press for wage increases of 25 per cent and shorter hours. Of the few firm spots, **Dorada** hardened 2 to 81p and **Plaxton's (Scarborough)** 3 to 76p.

Associated Book Publishers featured the Newspaper sector, rising 14 to 206p for an improvement of 21 in the last two trading days on investment demand in a thin market. A Press mention prompted an increase of 5 to 75p, after 78p, in **Bean Brothers** and **Thomson** ended similarly better at 248p.

Properties drifted quietly lower before steadying awaiting today's figures from **Land Securities** which firmed 2 to 213p. **English Property** eased a penny to 45p. Small buying lifted **Churchbury Estates** 8 to 245p, while the improvement of 3 to 149p in **Property Security Investment** reflected late demand on Friday.

Trading remained at a low ebb in Oils with **British Petroleum** barely tested at 866p and **Shell** 6 easier at 554p. **Burmah** finished a penny lower at 66p and **Ultramar** 4 cheaper at 270p, while **Oil Exploration** shed 6 to 238p. **Siebens UK** met further profit-taking and retreated 22 more to 358p.

Overseas Traders were featured once again by the performance of **Lonrho** which gave up another 4 at a 1978 low of 60p, still reflecting news that the company must dispose of its Tanzanian interests to that country's National Development Corporation within the next three months.

Investment Trusts were quiet and little changed. **Jove Capital** responded to Press comment with a rise of ½ to 6½p, while **City and International**, 99p, and **Govett Europe**, 68p, put on 2 apiece.

Shippings made another firm showing, sentiment helped by the continuing firmness of freight rates. **P. and O. Deferred** closed 3 better at 97p following Press comment highlighting the potential of its energy division, while late demand on Friday helped **British and Commonwealth** to finish 8 higher at 295p.

Textiles rarely strayed from Friday's closing levels. **William Reed** closed without alteration at 80p despite the reduced earnings. **Bond Street Fabrics** eased 1½ to 32½p on the gloomy statement which accompanied the interim figures, but small buying raised the Italian-based **Snia Viscosa** 3 to 67p. Following recent strength, **Rothmans International** eased 2 to 55½p on light profit-taking in quietly dull Tobaccos.

Reflecting firmer South African advices, **Abercom** rose 12 to 102p and **OK Bazaars** 15 to 380p.

Australians firmer

Renewed speculative and institutional buying prompted further strong gains in Australian mining issues. Prices opened a shade firmed owing to favourable Press mention over the week-end. But the absence of any lead from overnight Sydney and Melbourne markets, which were closed for Foundation Day and the Queen's Birthday holidays, saw interest dry up towards mid-day.

Towards the close of trading, however, some fairly aggressive buying developed and this carried over into after-hours' business with prices moving ahead strongly to close at the day's best. Prices were additionally boosted by the firmness of the investment currency premium.

Among the base-metal producers **BH South**, 6 better at 100p, and **North Broken Hill**, 7 to the good at a 1978 high of 126p, were both helped by Press comment, while **MIM Holdings** put on 4 to 212p. **Western Mining** ended a similar amount higher at 128p.

The recent moves to bring the Northern Territory uranium mines into production enabled **Pancontinental** to rise a half-point to a 1978 high of £14.

Of the more speculative issues, gains of 2 were common to **Metals Exploration**, 36½p, **Mount Lyell**, 38p and **Faringa**, 37p. The recent "high flyer" **Northern Mining** were active and finally unchanged on balance at 112p, after 115p.

The rise in the investment premium enabled South African Golds to register marginal gains despite the $1.75 decline in the bullion price to $182.625 per ounce in front of tomorrow's International Monetary Fund gold auction.

After trading quietly for most of the day a modest U.S. inquiry in late dealings saw prices harden fractionally. The Gold Mines index, at 154.0, recouped 1.3 of Friday's 2.5 loss.

Financials remained subdued. **Anglo American** eased 2 to 298p in front of the 15-months' results which were announced after market hours, while Press comment on the possibility of an increase in rough diamond prices saw **De Beers** close 3 better at 349p.

Elsewhere, **Northgate** advanced 25 more to a 1978 high of 440p in response to Canadian buying, while Press comment prompted a 5 rise in **Sabina** at 41p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 7	Jun. 20	Aug. 31	Sep. 14
Jun. 20	July 4	Sep. 14	Sep. 28
Jul. 14	Jul. 18	Sep. 28	Oct. 12

For rate indications see end of Share Information Service

Stocks favoured for the call were **Lonrho, Belhaven Brewery, Premier Consolidated Oil, Morgan Edwards and Trust Houses Forte Warrants**, while doubles were arranged in **English Property** and **Lonrho**.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	14	388	−1	396	328
Bramall (C. D.)	25p	12	89	—	92	89
BATs Defd.	25p	10	288	−2	296	227
BP	£1	10	866	−2	892	720
Shell Transport	25p	10	554	−6	586	484
Bowater	£1	8	188	−3	205	163
Lonrho	25p	8	60	−4	78	60
Metal Box	£1	8	308	+6	320	288
Armitage Shanks	25p	7	68	+2	75½	59
Land Secs.	50p	7	213	+2	228	190
P. & O. Defd.	£1	7	97	+3	118	91
RTZ	25p	7	228	—	228	164
Burmah Oil	£1	6	66	−1	72	42
Lucas Inds.	£1	6	314	+1	318	240
Reed Intl.	£1	6	124	—	143	102

FINANCIAL TIMES STOCK INDICES

	June 5	June 2	June 1	May 31	May 30	May 26	[illegible]
Government Secs.	68.79	69.36	69.90	70.13	69.92	70.10	[illegible]
Fixed Interest	70.62	71.35	71.70	71.77	71.76	71.98	[illegible]
Industrial Ordinary	474.5	475.5	478.2	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	154.0	152.7	155.2	156.1	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	5.58	5.56	5.53	5.52	[illegible]	[illegible]	[illegible]
Earnings, Y'ld% (full)	16.23	16.17	16.08	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net) (*)	8.24	8.27	8.18	[illegible]	[illegible]	[illegible]	[illegible]
Dealings marked	4,644	4,998	4,831	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m	—	67.96	66.53	64.69	49.55	[illegible]	[illegible]
Equity bargains total	—	12,595	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

* Based on 52 per cent corporation tax. [illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58	68.79	127.4	49.18
Fixed Int.	81.27	70.82	150.4	50.53
Ind. Ord.	497.3	433.4	549.2	49.4
Gold Mines	168.6	130.3	442.3	43.5

S.E. ACTIVITY

[illegible]

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (81)

BANKS (2): Bank of N.S.W., Guinness Peat
BEERS (3): Belhaven Brewery, Young Co. Brew. A, Irish Distillers
BUILDINGS (7): British Dredging, Ibstock Johnsen, Brown & Jackson, Laing (John) A, Erith, Pochin's, Hewden-Stuart
CHEMICALS (1): Wardle (B.)
DRAPERY & STORES (4): Home Charm, Stanley (A. G.), Peters Stores, Wearwell
ELECTRICALS (4): Electrocomponents, Highland Elect., Electronic Rentals, Petbow
ENGINEERING (8): Ash & Lacy, Hill & Smith, Brickhouse Dudley, Hopkinsons, Dennis (J. H.), Priest (B.), Downiebrae, Spooner Inds.
FOODS (1): Morgan Edwards
HOTELS (2): City Hotels, Savoy A, De Vere Hotels
INDUSTRIALS (16): British Vita, Grovebell, Dom Holdings, Hyman (I. & J.), Downs Surgical, Office & Elect., Elect. Ind. Sec., Prestige, Findlay (A. R.), Pritchard Services, Fitzwilton, Schlumberger, Franklin Mint, Scottish Heritable, Glass & Metal, Tove
MOTORS (1): Dorada
NEWSPAPERS (2): Assoc. Book Pubs., Benn Bros.
PAPER (1): Melody Mills
PROPERTY (1): Rush & Tomkins
SHOES (2): Stylo Shoes, Turner (W. & E.)
SOUTH AFRICANS (1): OK Bazaars
TEXTILES (1): British Enkalon
TRUSTS (13): Altifund Cap., Scottish European, Drayton Far Eastern, Scottish Utd. Inv., Edinburgh Am. Tst., Scottish Western B, Gen. Stockholders, Stewart Inv., Govett European, Charterhouse, Mooloya, Dawnay Day, St. Andrew
OVERSEAS TRADERS (1): Lonrho
TEAS (1): Blantyre
MINES (8): Zandpan, Vogels, Middle Wits., North B. Hill, Silvermines, Pancontinental, Transvaal Cons., Northgate

NEW LOWS (30)

BRITISH FUNDS: [illegible]
LOANS (5): [illegible]
BANKS (2): F.C. Finance, Grindlays
BUILDINGS (1): Parker Timber
ENGINEERING (1): British Northrop
FOODS (2): Barrow Milling, Lockwoods
SHIPPING (1): Runciman (W.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	62	20	[illegible]
Recent Issues	2	10	[illegible]
Totals	440	58	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	128	-	138	—	160	—	866p
BP	800	75	2	101	—	125	—	
BP	850	40	2	66	1	91	—	
BP	900	15	7	38	1	62	8	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			98		97		56	

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., June 5, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. June 2 Index No.	Thurs. June 1 Index No.	Wed. May 31 Index No.	Tues. May 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	214.03	−0.1	17.54	5.60	7.96	214.16	215.32	214.70	211.96	[illegible]
2	Building Materials (28)	190.21	—	18.04	5.70	7.92	190.15	191.36	190.89	189.66	[illegible]
3	Contracting, Construction (26)	346.25	+0.4	19.72	3.94	7.43	344.81	346.32	342.63	339.52	[illegible]
4	Electricals (15)	450.02	−0.1	15.23	3.94	9.29	450.55	454.31	455.62	444.48	[illegible]
5	Engineering Contractors (14)	318.10	−0.5	18.55	6.41	7.30	319.58	320.34	318.14	314.95	[illegible]
6	Mechanical Engineering (71)	174.58	+0.1	18.35	6.08	7.43	174.45	175.08	173.98	172.23	[illegible]
8	Metals and Metal Forming (17)	163.33	−0.6	17.46	8.58	7.82	164.25	165.05	165.12	163.73	[illegible]
11	CONSUMER GOODS (DURABLE) (52)	195.88	—	17.04	4.87	8.26	195.89	197.26	195.94	194.28	[illegible]
12	Lt. Electronics, Radio TV (15)	229.11	+0.1	15.28	3.77	9.22	228.99	231.39	229.26	227.02	[illegible]
13	Household Goods (12)	177.75	+0.2	16.19	6.34	8.49	177.48	177.47	176.52	176.13	[illegible]
14	Motors and Distributors (25)	124.86	−0.1	19.85	6.17	7.11	125.02	125.45	125.04	124.05	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (175)	202.26	−0.3	15.83	5.79	8.60	202.78	204.07	203.47	200.90	[illegible]
22	Breweries (14)	234.72	—	14.53	5.77	9.90	234.69	237.12	236.73	234.37	[illegible]
23	Wines and Spirits (6)	259.98	—	15.56	5.54	9.75	259.92	261.11	258.48	254.76	[illegible]
24	Entertainment, Catering (17)	261.05	−0.1	13.50	6.54	10.72	261.27	262.47	260.61	255.99	[illegible]
25	Food Manufacturing (22)	195.11	+0.2	19.97	5.69	6.63	194.81	196.81	195.10	193.32	[illegible]
26	Food Retailing (15)	199.72	−0.5	14.63	5.03	9.51	200.80	201.98	200.61	197.81	[illegible]
32	Newspapers, Publishing (13)	370.10	+0.6	10.68	3.35	13.41	367.73	365.39	371.10	364.85	[illegible]
33	Packaging and Paper (15)	130.26	−0.3	19.84	8.12	7.13	130.72	131.28	131.79	130.65	[illegible]
34	Stores (39)	179.65	−0.4	11.73	4.53	12.51	180.33	181.20	181.12	178.60	[illegible]
35	Textiles (25)	180.76	−0.6	17.37	7.66	7.47	181.87	183.27	183.26	180.65	[illegible]
36	Tobaccos (3)	255.44	−0.9	21.64	7.53	5.49	257.79	259.58	258.49	255.34	[illegible]
37	Toys and Games (6)	107.18	−0.8	19.74	5.83	6.63	108.02	108.38	108.64	108.26	[illegible]
41	OTHER GROUPS (97)	198.65	−0.3	16.31	5.74	8.06	199.27	200.29	200.21	198.91	[illegible]
42	Chemicals (19)	283.72	−0.5	17.57	6.15	7.73	285.07	285.97	286.40	283.47	[illegible]
43	Pharmaceutical Products (7)	258.94	−0.5	11.43	3.96	10.92	260.16	261.42	262.79	260.18	[illegible]
44	Office Equipment (6)	134.66	−0.2	17.79	4.82	6.65	134.98	137.03	136.72	137.17	[illegible]
45	Shipping (10)	439.08	+1.5	19.06	7.17	6.38	432.39	431.12	430.85	428.15	[illegible]
46	Miscellaneous (55)	203.85	−0.4	17.21	6.36	7.89	204.73	206.17	204.95	204.55	[illegible]
49	INDUSTRIAL GROUP (495)	210.72	−0.2	16.45	5.67	8.28	211.16	212.40	211.86	209.57	[illegible]
51	Oils (5)	490.89	−0.6	15.04	4.03	7.21	494.08	498.72	496.45	493.87	[illegible]
59	500 SHARE INDEX	233.96	−0.3	16.24	5.42	8.10	234.60	236.11	235.43	233.09	[illegible]
61	FINANCIAL GROUP (100)	163.91	−0.2	—	5.69	—	164.16	165.32	165.51	162.91	[illegible]
62	Banks (6)	188.56	−0.7	25.10	5.72	6.03	189.90	191.66	192.36	188.92	[illegible]
63	Discount Houses (10)	198.50	—	—	8.59	—	198.58	198.97	198.97	198.12	[illegible]
64	Hire Purchase (5)	140.60	−1.7	13.92	5.83	10.64	143.05	146.48	146.48	145.72	[illegible]
65	Insurance (Life) (10)	137.18	−0.4	—	6.64	—	137.68	138.82	138.98	136.93	[illegible]
66	Insurance (Composite) (7)	124.70	+0.2	—	6.84	—	124.48	125.98	126.12	123.57	[illegible]
67	Insurance Brokers (10)	329.92	+0.3	14.13	4.75	10.13	329.01	331.85	332.86	323.44	[illegible]
68	Merchant Banks (14)	81.63	+0.4	—	5.97	—	81.28	81.33	80.55	80.31	[illegible]
69	Property (31)	236.93	+0.1	2.89	3.03	66.40	236.63	235.97	236.38	234.44	[illegible]
70	Miscellaneous (7)	108.03	+0.2	24.31	7.47	5.69	107.86	107.38	106.46	105.89	[illegible]
71	Investment Trusts (50)	207.49	−0.1	3.25	4.77	30.76	207.80	203.63	202.90	202.37	171.57
81	Mining Finance (4)	100.50	−0.3	16.65	6.85	7.32	100.77	100.87	99.55	98.44	96.51
91	Overseas Traders (19)	310.79	−1.0	16.02	6.65	7.74	313.99	316.89	317.28	314.67	281.41
99	ALL-SHARE INDEX (673)	215.54	−0.3	—	5.48	—	216.11	217.24	216.74	214.45	189.21

FIXED INTEREST PRICE INDICES

	British Government	Mon. June 5	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.22	−0.34	—	3.96
2	5-15 years	112.82	−0.63	1.08	3.76
3	Over 15 years	118.16	−0.66	—	4.97
4	Irredeemables	121.89	−1.60	—	6.30
5	All stocks	111.21	−0.55	0.18	4.34

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Mon. June 5	Fri. June 2	Year ago (approx.)
1	Low Coupons	5 years	9.04	8.90	7.78
2		15 years	11.32	11.21	11.17
3		25 years	11.96	11.83	12.28
4	Medium Coupons	5 years	11.70	11.49	10.14
5		15 years	12.53	12.41	11.94
6		25 years	12.62	12.56	12.68
7	High Coupons	5 years	11.92	11.75	11.08
8		15 years	13.01	12.91	13.13
9		25 years	13.43	13.32	13.35
10	Irredeemables		12.01	11.82	12.45

		Monday, June 5 Index No.	Yield %	Friday June 2	Thurs. June 1	Wed. May 31	Tues. May 30	Friday May 26	Thurs. May 25	Wed. May 24	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.22	12.97	57.27	57.34	57.34	57.35	57.37	57.55	57.59	55.91
16	Investment Trust Prefs. (15)	52.23	13.55	52.91	52.91	52.91	51.75	51.70	51.70	51.75	51.20
17	Coml. and Indl. Prefs. (20)	71.52	12.95	71.52	71.56	71.72	71.79	71.95	71.83	71.90	70.30

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	9 %
Allied Irish Banks Ltd.	9 %
American Express Bk.	9 %
Amro Bank	9 %
A P Bank Ltd.	9 %
Henry Ansbacher	9 %
Banco de Bilbao	9 %
Bank of Credit & Cmce.	9 %
Bank of Cyprus	9 %
Bank of N.S.W.	9 %
Banque Belge Ltd.	9 %
Banque du Rhone	9½%
Barclays Bank	9 %
Barnett Christie Ltd.	9½%
Bremar Holdings Ltd.	10 %
Brit. Bank of Mid. East	9 %
Brown Shipley	9 %
Canada Perm't. Trust	9 %
Capitol C & C Fin. Ltd.	9 %
Cayzer Ltd.	9 %
Cedar Holdings	9½%
Charterhouse Japhet	9 %
Choulartons	9 %
C. E. Coates	10 %
Consolidated Credits	9 %
Co-operative Bank	* 9 %
Corinthian Securities	9 %
Credit Lyonnais	9 %
The Cyprus Popular Bk.	9 %
Duncan Lawrie	9 %
Eagil Trust	9 %
English Transcont.	10 %
First London Secs.	9 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
Antony Gibbs	9 %
Greyhound Guaranty	9 %
Grindlays Bank	‡ 9 %
Guinness Mahon	9 %
Hambros Bank	9 %
■ Hill Samuel	§ 9 %
C. Hoare & Co.	† 9 %
Julian S. Hodge	10 %
Hongkong & Shanghai	9 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	9 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	9 %
London Mercantile	9 %
Edward Manson & Co.	10½%
Midland Bank	9 %
■ Samuel Montagu	9 %
■ Morgan Grenfell	9 %
National Westminster	9 %
Norwich General Trust	9 %
P. S. Refson & Co.	9 %
Rossminster Accept'cs	9 %
Royal Bk. Canada Trust	9 %
Schlesinger Limited	9 %
E. S. Schwab	10½%
Security Trust Co. Ltd.	10 %
Shenley Trust	11 %
Standard Chartered	9 %
Trade Dev. Bank	9 %
Trustee Savings Bank	9 %
Twentieth Century Bk.	10 %
United Bank of Kuwait	9 %
Whiteaway Laidlaw	9½%
Williams & Glyn's	9 %
Yorkshire Bank	9 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month deposits 6¼%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6¼% and over £25,000 6½%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6¼%.
¶ Rate also applies to Sterling Ind. Securities.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % shown in last column allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ф. [illegible] gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 23rd May, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	127.67
Clive Fixed Interest Income	113.51

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

†Property Growth	9¼%
† Vanbrugh Guaranteed	9 %

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
375	265	Japan 4pc '10 Ass	360xd	.....	—	—
87	70	Do 6pc '83-88	70	.....	6	11.40
160	145	Peru Ass 3pc	155	.....	3	1.95
75p	75p	S.G.I. 6½pc 1980	75p	.....	6½	8.67
99	94½	Turin 9pc 1991	$94½	.....	9	9.52
DM91p	81	Turin 6½pc 1984	DM91p	..	6½	10.70
94	94	Uruguay 3½pc	94	.....	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
19½	17	Antofagasta Rly	19	.....	—	—
34	33	Do 5pc Pref.	33xd	.....	—	—
93	98	Chilean Mixed	98	.....	3	13.10
415	350	German Yng. 4½pc	405xd	.....	4½	—
54	46	Greek 7pc Ass	54xd	.....	3½	6.48
51	46	Do 6pc 28 Stab Ass	51	.....	6	16.00
44	40	Do 4pc Mixed Ass	43	.....	4	14.76
55	42	Hung '24 Ass	55	.....	4½	5.00
77	67	Iceland 6½pc '83-88	67xd	.....	—	12.80
83	84	Ireland 7½pc '81-83	84¾	.....	7½	12.38
91	79½	Do 9¾pc '91-96	79½	—¼	9¾	13.02

AMERICANS

Hire Purchase, etc.

S.E. List Premium 45¼% (based on $US1.8195 per £)
Conversion factor 0.6868 (0.6938)

CANADIANS

S.E. List Premium 45¼% (based on $2.0364 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

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BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

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ENGINEERING—Continued

FOOD, GROCERIES, ETC.

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SHIPPING

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TEAS

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Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh.50c	185		Q50c	1.3	23.2
23	15	Rhod'n Corp. 16½p	16		0.56	7.1	5.3
80	52	Roan Cons. K4	78	−2	—	—	—
175	122	Tanganyika 50p	162	−3	Q10.10	ϕ	6.4
90	78	Do. Pref. 80p	90		Q9%	16.4	8.0
41	32	Wankie Col. Rh.1	36		tQ7½c	1.4	17.2
16½	10	Zam.Cpr.SBD0.24	15½	−1	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	15		—	—	—
132	64	Bougainville 50 Toea	130	−3	Q8c	1.4	3.8
101	63	BH South 50c	100	−6	—	—	—
245	148	Conzinc Riotinto 50c	232	−2	Q10c	2.2	2.7
72	48	G.M. Kalgoorlie $1	54	−1	—	—	—
138	81	Hampton Areas 5p	132		1.45	4.1	1.7
40	10	Metals Ex. 50c	36½	−2	—	—	—
215	125	M.I.M. Hldgs. 50c	212	−4	Q9c	1.7	2.6
39	10	Mount Lyell 25c	38	−2	—	—	—
6½	1½	Newmetal 10c	5½		—	—	—
126	79	North B. Hill 50c	126	−7	Q8c	1.5	3.9

TINS

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	99	−1	tQ30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
17	9	Burma Mines 17½p	15	.....	—	—	—
300	220	Cons. Murch. 10c	230	−5	Q30c	2.6	7.8
440	245	Northgate C$1	440	+25	—	—	—
228	164	R.T.Z.	228	....	9.5	2.8	6.3
40½	30	Sabina Inds. C$1	41	−5	—	—	—
£12	750	Tara Exptn. $1	£11¼	−¾	—	—	—
45	43	Tehidy Minerals 10p	43	.....	1.35	ϕ	4.7
167	120	Yukon Cons. C$1	167	.....	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✝ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	
Ash Spinning	45	
Bertam	22	
Bdg'wtr Est. 50p	268	−2
Clover Croft	23	−1
Craig & Rose £1	420	
Dyson (R. A.) A	37	
Ellis & McHdy	62	
Evered	16½	
Fife Forge	50	
Finlay Pkg. 5p	23	−1
Graig Ship. £1	150	
Higsons Brew	82	
I.O.M. Stm. £1	150	
Holt (Jos.) 25p	265	
Nthn. Goldsmith	54	
Pearce (C. H.)	158	
Peel Mills	20	
Sheffield Brick	46xd	
Sheff. Refr'hmt	52	
Sindall (Wm.)	85	

IRISH

Stock	Price	+ or −
Conv. 9% '80-82	£90½	
Alliance Gas	73	
Arnott	346	
Carroll (P.J.)	90	
Clondalkin	98	
Concrete Prods.	133	
Heiton (Hldgs.)	41	
Ins. Corp	148	
Irish Ropes	130	
Jacob	68	
Sunbeam	34	
T.M.G.	173	
Unidare	90	

OPTIONS
3-month Call Rates

Industrials

Stock	Rate	Stock	Rate	Stock	Rate
A. Brew	6½	I.C.I.	20	Tube Invest	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	12	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Tuesday June 6 1978

U.S. shipping policy hits trade relations

BY LYNTON McLAIN

DIFFERENCES over shipping policy have caused a deterioration in trade relations between the U.S. and 13 Western nations, including Britain and Japan, after the failure of talks in Washington last week.

The talks, organised by the inter-governmental Consultative Shipping Group chaired by Britain, were aimed at resolving a growing conflict over U.S. shipping policy.

Legislation now before Congress could result in a ban in U.S. ports on all shipping which did not conform with U.S. law.

Mr. Gerald Lanchin, Under Secretary, shipping policy division, Department of Trade, said in London on his return from Washington that the anti-rebating Bill before Congress could seriously harm the sovereignty of Western shipping nations.

If the Bill became law, as he thought likely, it impact would spread far beyond shipping and trade.

Rebating of freight rates is practised by some members of Western shipping line conferences, which share cargoes and pool revenue. It is not illegal in Europe but would become so on all shipping using U.S. ports if the proposed Bill becomes law.

Members of the Consultative Shipping Group wanted the anti-rebating Bill suspended pending the outcome of a review by President Carter of U.S. shipping policy.

U.S. Government officials refused to delay the Bill and it is likely to become law by November. The policy review will not be completed for at least six months.

The group also presented the U.S. authorities with a list of complaints about the spread of unilateral U.S. jurisdiction beyond its territory.

This included references to U.S. policy on closed liner conferences and shippers' councils, both of which are not permitted among U.S. shippers.

Mr. Lanchin said yesterday that relations between the U.S. and the 13 shipping group member states were "more unsatisfactory now than they have ever been."

The meeting in Washington was not expected to produce a definitive response but the delegation had hoped to "tie the U.S. down to firm discussions to this end."

Members of the shipping group had also hoped that an interim period could be agreed with the U.S. during which no action would be taken to aggravate the difficulties facing the 13 shipping nations.

While agreeing to continue the dialogue, the U.S. would not make a commitment to work towards a mutual solution. The U.S. wanted to keep every option open, including taking unilateral action, Mr. Lanchin said. A further meeting may be held before Christmas.

Disagreements between the U.S. Federal Maritime Commission and the U.S. Department of Transport, with the latter more in favour of a lenient stand towards the interests of Europe, stopped the U.S. presenting a consistent case to the delegates. "The U.S. now has no coherent shipping policy," Mr. Lanchin claimed.

Retaliation by European and Japanese shipping interests is a possibility and the U.S. State Department is known to be worried about the implications for U.S. foreign policy if the anti-rebating Bill goes through.

Energy Agency seeks greater effort to limit oil imports

BY DAVID FISHLOCK, SCIENCE EDITOR

THE 19 nations of the International Energy Agency will fail to meet their own target of limiting oil imports to a total of 26m barrels a day in 1985 unless several nations—the U.S. most conspicuously—greatly increase their efforts.

This is the conclusion of a report from the agency's directorate of energy research, development and technology application.

The report, to be published next month, warns that, although the target of 26m barrels could still be reached, it will not be possible with the present level of effort.

Too many national energy programmes still lacked political and legislative support, as well as the support of the public.

The report singles out the U.S. as an example of a country which had not only failed to enact its energy saving legislation but whose efforts could do most to help the agency meet its target.

Other factors seen as important are greater efforts at energy conservation—all nations could do more here—the replacement of oil for electricity generation, the increased use of steam coal and natural gas, and no further slippage in nuclear programmes.

Without considerable nuclear power, however, the target is seen as unattainable by any means.

Present estimates—based on 1976 figures and 1977 energy policy data—suggest that the 19 nations will collectively overshoot their target by 3.2m barrels a day in 1985. The study warns, however, that even this estimate could be 10 to 15 per cent too low.

The agency's member-nations will be called to account for their contribution towards the target figure in another year's time. Net oil import projections for 1985 have increased in comparison with the last (1976) review in the case of several countries, including the U.S. and Italy.

The first of five areas, in order of importance, in which the agency believes that its member-nations may have over-estimated their capacity for reducing oil demand is energy conservation, where some have still not adopted all the measures they had planned.

The second area is nuclear power, where almost one-fifth of the stations planned for 1985 have not yet been committed.

The third area is oil production, where leasing and pricing policies in some countries may adversely affect projected levels of output.

The fourth area is gas imports, where the agency finds that balances submitted are not always supported by firm contracts. And the fifth area is coal, where a (comparatively small) fraction could be at risk, and where some countries are delaying investment in the necessary infrastructure.

The report says that Britain has submitted ranges rather than specific estimates for oil and gas production "and only the lower end of the range might be achieved."

Council revenue plans run £500m ahead of target

FINANCIAL TIMES REPORTER

THE FIRST comprehensive return of local authority budgets for 1978-79 shows that local councils in England and Wales have provided about £500m more on revenue account than the Government allowed for when this year's rate support grant was set last November.

This is equivalent to an overrun of about 4 per cent.

But local authority leaders do not expect ministers to call for compensatory spending cuts as in the past two years.

This is because part of the excess budgeting reflects extra provisions for cost inflation or increased revenue financing of capital spending, and the prospective overshoot in volume terms in revenue expenditure proper is relatively small—only about 1½ per cent.

They say that it could in any case fail to materialise if delays and other forms of "slippage" again cause local authority revenue spending to undershoot, rather than overshoot, as happened last year.

An analysis of the figures, which are compiled annually by the Department of the Environment and the Chartered Institute of Public Finance and Accountancy, shows that about £200m of the £500m excess budgeting is attributable to local councils' caution about inflation.

A further £100m arises from a greater revenue contribution to capital spending than Whitehall had assumed for the rate support grant settlement.

This leaves a prospective overspend in volume terms of about £200m on total spending for rate support grant purposes of just over £12.5bn.

Commenting on the latest figures, an editorial in Municipal Review, the journal of the Association of Metropolitan Authorities which represents local councils in the big English cities, says that local authorities deserve a pat on the back for managing to get so close to the Government's targets.

But, while Ministers are not expected to take punitive action against spendthrift local councils, the figures have not been received with complete unconcern.

There is concern too about the possibility of at least part of the extra provisions against inflation seeping into actual expenditure if the provisions are not required.

Access and Barclaycard admit pact over petrol stations

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

ACCESS AND Barclaycard, the credit card companies owned by the clearing banks, have admitted operating an agreement which should have been registered with the Office of Fair Trading.

Access and Barclaycard made a pact that petrol stations which charged credit card customers more than cash customers would lose their franchises, as was stipulated in their franchise contracts.

It contravenes restrictive practice legislation for competitors to agree terms without registering the pact with the competition authorities. Customers who have lost money as a result of such an agreement can sue for damages in the civil courts.

The disclosure of the credit card agreement is likely to be more embarrassing than financially damaging to the banks. Both Barclaycard and Joint Credit Card Company, which operates Access, have individual agreements with their garage customers prohibiting them from giving preferential treatment to cash customers.

The joint agreement, disclosed yesterday, was intended to reinforce the individual agreements when petrol stations were rebelling against this clause in their contracts.

The Monopolies Commission is already examining the relationship between the credit card companies and their franchise holders.

The investigation was partly prompted by complaints from garages about the credit card companies' insistence on their charging credit card customers the same price as cash buyers.

The commission is looking particularly closely at this aspect. It is believed the agreement between Barclaycard and Access came to light during this inquiry.

In March Barclaycard volunteered details of the agreement to the Fair Trading Office. The pact was formally ended but it still had to be put on the Register of Restrictive Practices. This was done yesterday.

The agrement, which was not put in writing, was made in 1976 after the outset of the petrol price war. Barclaycard and Access had been receiving complaints from card holders about petrol stations which were giving big discounts on petrol only to motorists who paid with cash.

Petrol stations have long argued that with profit margins under pressure, they cannot afford to pay the credit card companies a commission and charge card holders the same prices as cash customers. Many have in any case reneged on the agreement with the credit card companies.

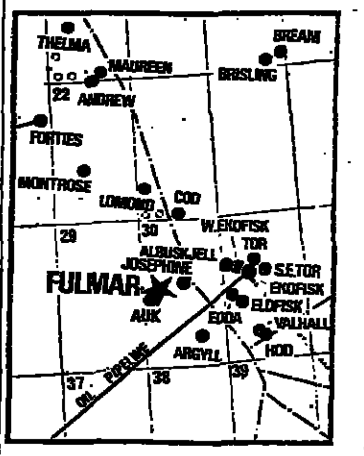
Fulmar Field go-ahead for Shell and Esso

BY KEVIN DONE

SHELL AND ESSO have been given approval by the Government for their £500m plan to exploit the North Sea Fulmar Field.

But for the first time a major field approval is limited to the end of 1985 in line with the Department of Energy's new policy of allowing field developments to go ahead only on a staged basis.

The companies participating in the development also include Amoco, Mobil, Amerada, Texas Eastern and the British Gas Corporation.



The companies have been given a special consent which guarantees their right to produce from the field until 1990. But the Government is insisting on its right to review the development programme after the initial build-up of production.

It is particularly keen to be able to monitor companies' North Sea operations in the later stages of a development to ensure the maximum economic recovery of oil from a field.

The Shell/Esso development plan calls for the construction of two steel platform, one large structure and a smaller jacket which will incorporate four satellite wells. The two platforms will be joined by a 100-foot steel bridge.

The platforms will provide an important boost for the UK's steel platform industry, which has been running short of work.

The order for the smaller structure should be announced later this week and is expected to go to the recently revamped Redpath De Groot Caledonian at its Methil yard in Fife.

The order for the larger platform, also expected to go to a UK yard, should be placed later in the summer, Shell said yesterday.

The Fulmar Field lies across two blocks—30/16 and 30/11b—about 200 miles east of Dundee. It is a small- to medium-sized discovery with recoverable reserves of oil estimated at about 70m. tonnes.

The platforms are scheduled for installation in 1980 and the field is planned to begin production in 1981. The addition of the smaller second platform should ensure a high initial output of about 100,000 barrels a day.

Production will rise to a peak of about 180,000 barrels a day (8m. tonnes a year) and will provide about 8 per cent. of Britain's present daily oil consumption.

The field is one of a number of medium-sized discoveries, which should enter production in early 1980s. With planned development such as the Magnus, North Cormorant and Beatrice Fields, it should help guarantee the UK self-sufficiency in oil through to the 1990s.

The oil will be produced through an offshore loading system and stored in a large super tanker (VLCC) moored permanently at the field. It will be brought ashore by a shuttle of three smaller 70,000-100,000 tonnes tankers. The moored tanker will be capable of holding about one week's production.

This system will be assessed in detail by a certifying authority before production is allowed to begin, the Department of Energy said yesterday. It had been carefully examined for safety and environmental protection.

By the end of 1979 Shell will have committed about £4bn to North Sea oil and gas developments.

Fulmar is the sixth oil discovery by Shell/Esso in the last six years. Its fields account for about 30 per cent. of the UK's proven offshore reserves.

Most pay deals within guidelines, says CBI

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ABOUT 9.89m people have accepted Phase Three pay deals which will add less than 10 per cent to employment costs, the Confederation of British Industry will tell Mr. Denis Healey, Chancellor of the Exchequer, today.

The statistics, from the CBI's pay data bank, will provide some comfort for Mr. Healey in his discussions with the confederation about pay.

By May 25 the CBI had recorded 1,340 Phase Three settlements of which 86 per cent were within the 10 per cent Government guidelines. Another 13 per cent—involving roughly 1.5m people—were in the 11 to 15 per cent range.

Included in the overall total are 1m workers covered by 458 self-financing productivity deals which generally add between 5 and 10 per cent to earnings. Half these productivity deals were linked to Phase Three settlements.

This leaves only 1 per cent of settlements wildly outside the guidelines. Neither the CBI nor the Government expects the final weeks of Phase Three to see any significant change in this trend.

The CBI wants more flexibility in pay policy after Phase Three ends on July 31, although it stresses that moderation is essential.

So far, it has not given any particular percentage increase it would like to see during the next stage of the pay policy.

It believes any "minimum" figure tends to become the norm.

However, the CBI will demand an end to government-imposed sanctions on companies in breach of a "voluntary" pay policy.

For the long-term, the CBI will return to its theme that a basic reform of pay determination is needed and that, as a start, it might be a good idea for a Select Committee of Parliament to be set up to look at the subject.

There have been unofficial indications that neither the Prime Minister, civil servants nor the unions would be in favour of this approach.

Continued from Page 1

Davignon

priced imports from third nations.

When the Council of Ministers meets tomorrow, member governments will ask Viscount Davignon on behalf of the beleaguered steel industries to take further action to stabilise steel prices in Europe and to stamp out underselling by some producers.

Some countries, including Britain, will ask specifically for action against Bresciani, the small steelmakers of Northern Italy.

The unstable relationship between prices and production in the European steel market will also be raised at a meeting on Wednesday of the consultative committee of the European Coal and Steel Community in Luxembourg.

The steel companies in Britain and in the Continental member nations of the EEC are in broad agreement that the Davignon Plan, which has helped restore a measure of stability into European steel trading in the last six months, is in danger of being misdirected.

Steelmakers are saying that the Brussels officials are anxious to achieve results by holding down the tonnages of steel made.

In the opinion of the steelmakers Brussels should be acting much more firmly against price-cutting by some EEC producers, and against low-cost steel imports which are still finding their way into the European market.

The independent British steelmakers have been suffering particularly in recent months from imports of cheap Italian steel which have been diverted into the British market because the Bresciani have found other markets in France and West Germany closed.

One British steel manager said that in his opinion the EEC was as far as ever from finding a solution to the Bresciani pressures on the British market.

The first signs of stronger Community action against companies which have been disregarding the Davignon pricing rules came as recently as last week. The Community fined four Italian steelmakers and the French group USINOR for infringements of minimum pricing rules.

In the opinion of other EEC steelmakers the action was too little and too late to rectify the disarray in the steel market.

Steelmakers are also pressing Brussels to insist on more vigilance by the customs and excise officials of the Nine to report on, and take action against, consignments of steel being sold in Europe by third nations at prices below the Davignon minima.

THE LEX COLUMN

A troubled year at Metal Box

Metal Box's second half has turned out a little better than generally expected, but there was still a fall of almost a fifth in UK pre-tax profits for the period, and despite slightly better overseas returns the group total is down from £58.1m to £55.8m. MB has been dogged by various problems. Poor weather hit demand for beverage cans last summer, and the big fall in price of fresh vegetables affected demand for food cans and also the group's frozen food cartons. Meanwhile the introduction of new technology in the shape of two-piece cans led to a series of labour disputes, the worst of which the group cautiously hopes are now over. Overseas the picture has slightly been more favourable, and significantly a two-piece manufacturing line has been installed in Italy without trouble.

There should be scope for a useful improvement in UK profits this year, but the group has not yet seen any significant upturn in demand and it is plainly nervous about what could happen in the next pay round. The share price of 308p allows for this, with a yield of 7.5 per cent and a p/e (this year glamorised by ED 19) of only 4.6.

But it is longer term developments that catch the eye. The ending of the 50-year-old agreement with Continental Can will allow MB gradually to extend from lower quality foreign markets (South Africa, Nigeria, Italy, etc.) to higher grade territories of which the first is California. There could also, however, be a move by Continental into the UK. Elsewhere, the group says it is happy with its central heating business, but is looking for further diversification in other sectors to the tune of anywhere between £20m. and £100m. That is quite big talking for a group capitalised at under £200m, and could imply a degree of pessimism about longer term profit prospects in the packaging industry.

Index fell 1.0 to 474.5

Albright & Wilson

Albright and Wilson says that Tenneco's proposed cash offer of 165p per share is way below anything that it could be persuaded to support—but the odds are still stacked in Tenneco's favour. It already has 49.8 per cent. of the equity, plus conversion rights to another 0.7 per cent. Albright's market price before the approach was just 123p—which was close to its previous peaks—and it is still trailing Tenneco's mooted offer at 157p. And Albright is on record with the view that its profits will be little changed this year.

However, Tenneco does not want to look like a beastly multinational predator, and seems anxious to keep talking on a friendly basis. If it proves impossible to agree terms, its best bet may be to come out with a formal offer at 165p and leave Albright to make its case. Tough tactics, such as a market raid, may only be the last resort.

LIFO/FIFO Switch

British companies with UU.S. subsidiares will no longer have to value U.S. inventories in their consolidated accounts on the highly conservative last-in-first-out (LIFO) basis following a change of policy within the American Internal Revenue Service. As a result, companies such as BOC International, Stone-Platt Industries and Tootal need not face qualified audit reports for failing to comply with UK stock valuation rules. They can simply use LIFO, if they wish, in their U.S. subsidiary accounts and adjust to the British first-in-first-out (FIFO) system for consolidation without any loss of U.S. tax advantages. The changeover should not have any dramatic impact on companies' reported profits provided opening stock values are also adjusted.

The IRS climb-down will be welcomed by more than the handful of companies which have to suffer audit qualifications. BAT Industries, where North American business accounts for more than one-third of operating profits, has had to devote much effort to resisting the old IRS ruling. And though Reckitt and Colman was granted an exemption by the IRS one of the conditions for this was that the parent company could not guarantee a U.S. subsidiary's borrowings.

While UK companies affected have been channelling their demands for a change in the U.S. requirement through the English Institute of Chartered Accountants, it looks as though a more recent initiative by a group of about a dozen of Switzerland's largest multinationals may have been the critical factor. They employed firms of U.S. accountants and lawyers to put their case that, as multinationals, it would be unfair to expect them to observe U.S. tax rules in their own home accounts. The IRS ruling that foreign groups with at least 30 per cent of their operating assets outside their home country can do what they like in their consolidated accounts suggests that the Swiss were very persuasive.

Edinburgh's floater

Edinburgh's rather surprising decision to launch a £25m five-year issue on the floating rate corporation stock market will give local authority treasurers something to talk about when they meet for their annual beanfeast in Edinburgh next week.

Although it is considerabl[illegible] cheaper in terms of fees to rais[illegible] a syndicated medium-term bank loan, Edinburgh reckons that on balance it is not losing out since, unlike three months ago, it would now have had to concede a slightly higher margin than the standard ⅜ of a pe[illegible]centage point on stock issu[illegible]. Even so the syndicated ba[illegible] loan still looks a far mo[illegible] flexible instrument. There is no need to queue up at the Bank of England, the local authority can choose its dra[illegible] down dates and decide to [illegible] pay the loan ahead of sched[illegible] if it so chooses. More importan[illegible] an authority can push out its maturity pattern beyond five years by raising a bank loan.

The problem with floating rate corporation issues is tha[illegible] none have been done for perio[illegible] of over five years, because dea[illegible]ing commissions for longer stock are non-negotiable. A first-ever seven-year floating rate stock issue could make its debut in July but something will probably have to be done about commission structure if dealings are not to short-circuit the stock market.

Weather

UK TODAY

CLOUDY with showers.

London, SE, Cent S England, E Anglia, Channel Islands
Cloudy, outbreaks of rain. Max 19C (66F).

Midlands, E, Cent N England, S Wales
SW England
Cloudy, rain early. Max 18C (64F).

N Wales, NW England, Lakes, Isle of Man, SW, NW Scotland, N Ireland
Cloudy, showers. Max 14 to17C (57 to 63F).

NE England, Borders, Cent Highlands
Cloudy, bright intervals. Max 15 to 17C (59 to 63F).

NE Scotland, Orkney, Shetland
Cloudy, showers. Max 13C (55F).

Outlook: Sunny intervals and showers.

The pollen count yesterday, issued for the first time this year, was 17 (low).

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	C	19	66	Madrid	F	24	75
Athens	S	27	81	Manchstr.	C	20	68
Bahrain	S	32	90	Melbourne	R	11	52
Barcelona	S	23	73	Milan	S	27	81
Beirut	C	20	68	Montreal	R	10	50
Belfast	C	17	63	Moscow	S	17	63
Belgrade	F	27	81	Munich	F	25	77
Berlin	F	26	79	Newcastle	F	25	77
Birmghm.	C	19	66	New York	C	24	75
Bristol	C	19	66	Oslo	S	24	75
Brussels	C	22	72	Paris	C	24	75
Budapest	S	25	77	Perth	C	14	57
B. Aires	S	10	50	Prague	S	24	75
Cairo	S	32	90	Reykjavik	S	11	52
Cardiff	C	17	63	Rio de J'o	C	24	75
Chicago	S	19	66	Rome	S	24	75
Cologne	F	25	77	Singapore	R	26	79
Copnhagn.	S	22	72	Stockholm	S	23	73
Dublin	C	14	57	Strasbrg.	F	26	79
Edinburgh	F	19	66	Sydney	F	17	63
Frankfurt	C	25	77	Tehran	S	23	73
Geneva	S	24	75	Tel Aviv	S	23	73
Glasgow	C	19	66	Tokyo	C	26	79
H. Kong	C	24	75	Toronto	C	14	57
Jo'burg	S	24	75	Vienna	S	26	79
Lisbon	S	22	72	Warsaw	F	22	72
London	R	19	66	Zurich	C	22	72
Luxembrg.	C	25	77				

HOLIDAY RESORTS

Ajaccio	C	23	73	Jersey	R	17	63
Algiers	F	26	79	Las Plms.	S	22	72
Biarritz	F	21	70	Locarno	F	25	77
Blackpool	F	20	68	Majorca	F	27	81
Bordeaux	S	25	77	Malaga	F	22	72
Boulogne	C	18	64	Malta	S	25	77
Casblnca.	F	20	68	Nairobi	C	20	68
Cape Tn.	F	17	63	Naples	S	24	75
Corfu	S	26	79	Nice	F	22	72
Dubrovnik	S	23	73	Nicosia	S	24	75
Faro	F	22	72	Oporto	C	19	66
Florence	S	27	81	Rhodes	S	24	75
Funchal	F	23	73	Salzburg	F	23	73
Gibraltar	C	21	70	Tangier	C	20	68
Guernsey	C	14	57	Tenerife	S	23	73
Innsbruck	F	26	79	Tunis	S	27	81
Is. of Man	C	14	57	Valencia	C	22	72
Istanbul	S	22	72	Venice	S	25	77

S—Sunny; C—Cloudy; F—Fair; R—Rain.

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